

PHOENIX UNIT TRUST MANAGERS

## MANAGER'S ANNUAL REPORT

For the year: 1 October 2022 to 30 September 2023

### PUTM BOTHWELL ULTRA SHORT DURATION FUND





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

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# Investment review

## Dear Investor

Welcome to the PUTM Bothwell Ultra Short Duration Fund report for the 12-months to 30 September 2023.

## Performance Review

Over the review period, the PUTM Bothwell Ultra Short Duration Fund returned 4.27% (Source: FactSet, Gross of AMC, GBP, based upon the movement in the Cancellation Price for twelve months to 30/09/2023). This was compared to a return of 3.99% from its benchmark index (Source: FactSet, the Sterling Overnight Interbank Average Rate (SONIA), Total Return, GBP for twelve months to 30/09/2023).

## Standardised Past Performance

	Sept 22-23 % growth	Sept 21-22 % growth	16 Dec 20- 30 Sept 21 % growth
<b>PUTM Bothwell Ultra Short Duration Fund</b>	4.27%	0.59%	0.12%
<b>Benchmark Index</b>	3.99%	0.72%	0.04%

Source: Fund performance is abrdn to 30/09/23. Benchmark index performance is abrdn to 30 September for each year.

## 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.

The fund launched in 2020 therefore there are only 3 years of performance figures.

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# Investment review

## Portfolio Review

The Fund slightly outperformed the index over the review period.

During the fourth quarter of 2022, portfolio performance continued to track higher in line with money market yields. Limited interest-rate and credit exposure continued to benefit portfolio performance and provided an opportunity to invest further in longer-dated assets when risk/reward metrics become attractive.

The fourth quarter of 2022 opened with continued volatility, a hangover from the political turmoil and disastrous UK mini-budget in the third quarter of 2022. However, we saw moves toward the normalisation of sterling markets versus their global peers after the resignation of Liz Truss as Prime Minister (PM). Yields in Gilt markets fell and credit spreads recovered as Rishi Sunak was installed as PM, while the Treasury and the Bank of England (BoE) sought to establish a return of control and stability. While inflation and the cost of living remained key concerns, signs of lower energy prices and the growing assumption that interest rates are closer to the peak contributed to a more constructive environment. The money market curve flattened, making fixed-rate securities attractive, and we added some six- to 12-month tenor assets to the Fund. With wider credit spreads, floating-rate note issuance also showed value versus other short-dated assets. The BoE's Monetary Policy Committee (MPC) raised interest rates by 125 basis points (bps). Positioning was geared to quickly reset the Fund's yield to higher market rates while being mindful of key liquidity dates, including MPC meetings and month-/quarter-ends.

Over the first quarter of 2023, Fund returns remained consistent with the benchmark target. Income from money market assets and bonds and from floating-rate notes moved higher. Our highly rated, globally significant bank exposure, a proportion of which is in covered/secured bonds, limited the impact of broader bank spread widening. These large stable institutions, which were clear of idiosyncratic issues, were net recipients of deposit flight from smaller institutions. The Fund now holds several fixed-rate positions, with maturities into 2024 at attractive yields. If data releases and the outlook continue to show signs of an approaching peak in the hiking cycle, we may allocate further money to this positioning.

The market repriced significantly as both economic data and financial sector stress caused a reassessment of the path of future policy rates. The bankruptcies in US

regional banks and the Credit Suisse takeover affected sentiment, leading to safe haven trading across government bond markets and a move into cash. The BoE delivered 75 bps of hikes over this period. Fighting inflation remains a core focus, but with the full impact of this current cycle of interest-rate rises yet to be fully felt, the timing of any future action will be data dependent. The Fund has been positioned with strong front-end liquidity. This, coupled with short weighted average life positioning in unsecured floating rate notes, limited volatility. The Fund quickly reset higher to reflect market yields. We added a limited amount of longer-dated issuance against a yield target minimum of 5%. Positioning beyond one-year term remains light, given the huge volatility in the rates market.

During the second quarter of 2023, the Fund traded well, adding highly rated assets to the portfolio at progressively attractive yields. The sterling yield curve was volatile during the second quarter as inflation continued to exceed expectations. The sterling money market curve re-steepened as overnight index swaps priced a terminal policy rate well above 6%, and while inverted, longer-dated yields also moved higher. UK Gilt yields moved to their highest levels since the ill-fated mini budget turmoil of the fourth quarter of 2022 and Gilts underperformed over the quarter. The Fund maintained strong front-end liquidity. This, coupled with a short weighted average maturity, allowed for the portfolio yield to reset continually higher. The steepening of the curve presented a good opportunity to add longer-dated tenor assets, thereby locking in higher yields. Positioning beyond the one-year term remained light, given the curve inversion.

At the beginning of the second quarter, the BoE base rate was 4.25%. The market expected further hikes to a peak of around 4.60%. Yet, UK inflation remained in double digits in March with annual price rises of 10.1%. The MPC then increased the base rate by 25 bps to 4.5% at its 11 May meeting. April inflation came in at 8.7% versus 8.2% expected — a game changer level — with the peak base rate forecast moving sharply higher to 5.40%. Strong UK labour market data then reinforced the inflationary theme, and the peak base rate forecast nudged higher again to 5.75%. UK inflation then remained stuck at 8.7% in May, much worse than expectations of a drop to 8.4%. At its meeting on 22 June, the MPC then increased the base rate by 50 bps to 5%, higher than expected.

Over the third quarter, the Fund performed well thanks to

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## Investment review

its barbel asset allocation. Positive contributions came from both high short-end yields and capital gains from longer-dated fixed rate assets added at yields more than 6%. Inflation and the cost-of-living crisis remains key to developments in monetary policy for the UK. The money market curve flattened over the quarter as central bank rhetoric and data pushed sentiment to expect a lower peak in the base rate followed by a period of stability around this tight level for an undefined period. The Fund strategy continued to build on its positioning from the second quarter, maintaining strong front-end liquidity while extending the weighted average maturity through allocation to high-quality names in six to 12-month fixed-rate securities.

The general themes of the third quarter continued to be data watching, the debate on a hard versus soft landing for the economy and terminal rates. As the quarter developed, a market-wide bond sell-off became the main story with the realisation that central banks would keep rates higher for longer. The peak in volatility came at the September MPC meeting that kept rates on hold at 5.25%, ending a run of 14 successive hikes. This was a surprise to the market. MPC members also voted to reduce the Gilt portfolio by £100 billion over the year from October. Later, the August MPC was less of a surprise with a 25 bp hike to 5.25% when the MPC said that the current monetary policy stance is restrictive for the first time. The rates outlook is higher for longer but the terminal rate in the UK has been pared back significantly, from approximately 6.20% in the second quarter to a current expectation for a peak near 5.35%.

### Market Outlook and Fund Strategy

The stance of the BoE remains hawkish and while we have seen some encouraging data, inflation remains well ahead of its 1-3% target range. The labour market remains resilient, adding credence to the BoE's guidance that this rate hiking cycle will look more like Table Mountain than the Matterhorn. The quantity of tightening already in the system will continue to bite over the coming months without any further action.

The Fund remains conservatively positioned in terms of duration and credit exposure and we continue to look for opportunities to lock in higher yields. Maintaining performance with such cash flow volatility has been challenging, but performance has been acceptable. Holdings of short-term commercial paper and weekly

deposits continue to underpin returns and ensure liquidity. The Fund is well positioned with overnight deposits and high levels of one-week liquidity to ensure that minimum cash ratios are comfortably maintained. Capital preservation and solid liquidity remain key monitors for the Fund.

## Portfolio of investments (unaudited)

### Investments held at 30 September 2023

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Corporate Bonds (30/09/22 - 23.44%)</b>		<b>29.06</b>
£9,033,000	Bank of Montreal FRN 14/12/2025	9,056	0.93
£9,000,000	Bank of Nova Scotia FRN 15/10/2024	9,040	0.93
£10,000,000	Bank of Nova Scotia FRN 14/03/2025	10,073	1.03
£15,000,000	Bank of Nova Scotia FRN 26/01/2026	15,143	1.55
£10,500,000	Bank of Nova Scotia FRN 09/03/2027	10,501	1.08
£17,000,000	Banque Fédérative du Crédit Mutuel FRN 26/01/2025	16,924	1.74
£8,000,000	BPCE FRN 14/07/2024	8,004	0.81
£9,500,000	Canadian Imperial Bank of Commerce FRN 13/04/2026	9,512	0.98
£9,500,000	Canadian Imperial Bank of Commerce FRN 28/03/2024	9,512	0.98
£7,000,000	Canadian Imperial Bank of Commerce FRN 30/01/2024	7,001	0.72
£7,500,000	Clydesdale Bank FRN 22/03/2026	7,525	0.77
£8,401,000	Commonwealth Bank of Australia FRN 16/01/2025	8,410	0.86
£9,000,000	Coventry Building Society FRN 13/11/2023	9,003	0.92
£15,000,000	HSBC Bank FRN 09/03/2025	15,001	1.54
£4,175,000	HSBC Holdings 6.5% 20/05/2024	4,183	0.43
£9,000,000	HSBC UK Bank FRN 20/09/2024	8,999	0.92
£5,760,000	Lloyds Bank FRN 16/05/2024	5,771	0.59
£9,000,000	Metropolitan Life Global Funding FRN 12/09/2024	9,008	0.92
£12,701,000	National Australia Bank FRN 04/02/2025	12,706	1.30
£8,229,000	National Australia Bank FRN 17/06/2026	8,235	0.84
£8,251,000	Nationwide Building Society FRN 10/01/2025	8,269	0.85
£14,900,000	Nationwide Building Society FRN 15/12/2023	14,898	1.53
£10,000,000	Nationwide Building Society FRN 20/04/2026	10,033	1.03
£8,462,000	Royal Bank of Canada FRN 18/01/2028	8,487	0.87
£8,000,000	Royal Bank of Canada FRN 18/03/2027	8,001	0.82
£14,002,000	Royal Bank of Canada FRN 30/01/2025	14,002	1.44
£19,000,000	Toronto Dominion Bank FRN 22/04/2025	18,989	1.95
£7,111,000	TSB Bank FRN 15/09/2028	7,111	0.73
	<b>Mortgage Bonds (30/09/22 - 16.61%)</b>		<b>9.32</b>
£30,793,000	Bavarian Sky FRN 20/08/2029	10,780	1.11
£11,667,000	Bumper 2021-1 Finance FRN 20/12/2030	2,934	0.30
£13,600,000	Economic Master Issuer FRN 25/06/2073	13,539	1.39
£4,752,000	Friary No.7 FRN 21/10/2070	4,055	0.42
£36,139,000	Holmes Master Issuer FRN 15/10/2054	5,163	0.53
£8,000,000	Holmes Master Issuer FRN 15/10/2072	8,024	0.82
£6,000,000	Lanark Master Issuer FRN 22/12/2069	6,042	0.62
£4,920,000	Permanent Master Issuer FRN 15/07/2073	4,923	0.51
£7,833,000	Permanent Master Issuer FRN 15/07/2073	7,838	0.80
£38,500,000	Silver Arrow Compartment FRN 20/10/2027	4,864	0.50
£44,822,000	Silverstone Master Issuer FRN 21/01/2070	13,450	1.38
£9,107,000	Silverstone Master Issuer FRN 21/01/2070	9,155	0.94

## Portfolio of investments (unaudited)

### Investments held at 30 September 2023

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Public Authorities (30/09/22 - 0.85%)</b>		
	<b>Supranational Bonds (30/09/22 - 0.99%)</b>		
	<b>Money Market (30/09/22 - 3.78%)</b>		<b>5.78</b>
£56,360	Aberdeen Standard Liquidity Fund (Lux) - Seabury Sterling Class Z-1 +	56,352	5.78
	<b>Certificates of Deposit (30/09/22 - 9.36%)</b>		<b>9.50</b>
£8,000,000	Bank of Montreal 5% 28/05/2024	7,973	0.82
£8,000,000	Barclays Bank 6.36% 16/08/2024	8,036	0.82
£7,500,000	BNP Paribas 5.32% 24/04/2024	7,476	0.77
£10,000,000	Commonwealth Bank Australia 6.25% 22/07/2024	10,039	1.03
£8,500,000	Commonwealth Bank Australia 6.5% 05/07/2024	8,548	0.88
£8,000,000	DNB Bank ASA 6.54% 01/07/2024	8,038	0.82
£7,500,000	First Abu Dhabi Bank 5% 29/02/2024	7,474	0.77
£11,000,000	Handelsbanken 5.61% 28/03/2024	10,997	1.13
£8,000,000	National Australia Bank 5% 05/01/2024	7,989	0.82
£5,000,000	Nordea Bank 5.855% 08/02/2024	5,005	0.51
£5,000,000	Standard Chartered 4.67% 16/02/2024	4,982	0.51
£6,000,000	Toronto Dominion Bank 6.8% 11/07/2024	6,037	0.62
	<b>Commercial Paper (30/09/22 - 7.91%)</b>		<b>19.00</b>
£10,000,000	ABN AMRO Bank 0% 02/01/2024	9,857	1.01
£8,000,000	ABN AMRO Bank 0% 03/01/2024	7,885	0.81
£10,000,000	Abu Dhabi Commercial Bank 0% 02/01/2024	9,854	1.01
£8,500,000	Abu Dhabi Commercial Bank 0% 29/02/2024	8,297	0.85
£8,500,000	Australia Government 0% 08/01/2024	8,372	0.86
£8,000,000	Australia Government 0% 02/04/2024	7,771	0.80
£7,500,000	Australia Government 0% 29/07/2024	7,148	0.73
£2,500,000	Bank of America 0% 07/02/2024	2,451	0.25
£8,000,000	Bank of America 0% 08/03/2024	7,807	0.80
£8,000,000	Banque Federative 0% 19/07/2024	7,705	0.79
£5,000,000	Barclays Bank 0% 05/02/2024	4,907	0.50
£10,000,000	First Abu Dhabi Bank 0% 12/06/2024	9,604	0.99
£8,000,000	ING Bank 0% 24/04/2024	7,746	0.79
£5,000,000	ING Bank 0% 02/09/2024	4,743	0.49
£8,000,000	Lloyds 0% 15/07/2024	7,643	0.78
£14,000,000	MMBanco Santander 0% 29/01/2024	13,748	1.41
£7,000,000	MMBanco Santander 0% 21/06/2024	6,726	0.69
£8,000,000	MUFG Bank 0% 05/01/2024	7,879	0.81
£10,000,000	Natixis 0% 19/06/2024	9,592	0.98
£8,000,000	Nordea Bank 0% 05/07/2024	7,659	0.79
£5,000,000	Nordea Bank 0% 26/04/2024	4,841	0.50
£7,500,000	OP Corporate Bank 0% 16/01/2024	7,382	0.76
£8,000,000	OP Corporate Bank 0% 26/01/2024	7,862	0.81
£8,000,000	Santander 0% 04/06/2024	7,706	0.79



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## Portfolio of investments (unaudited)

### Investments held at 30 September 2023

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Portfolio of investments</b>	708,295	72.66
	<b>Net other assets</b>	<u>266,450</u>	<u>27.34</u>
	<b>Net assets</b>	<u>974,745</u>	<u>100.00</u>

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

+ SICAV (open ended investment scheme registered outside the UK).

Credit Ratings	£000	%
Investment grade	316,566	32.47
Unrated	<u>335,377</u>	<u>34.41</u>
Total investment in bonds, Certificates of deposit and commercial papers	<u>651,943</u>	<u>66.88</u>

## Top ten purchases and sales

For the year ended 30 September 2023

<b>Purchases</b>	<b>Cost £000</b>	<b>Sales</b>	<b>Proceeds £000</b>
Aberdeen Standard Liquidity Fund (Lux) - Seabury Sterling Class Z-1	104,150	Aberdeen Standard Liquidity Fund (Lux) - Seabury Sterling Class Z-1	96,600
Matchpoint Finance ABCP 0% 28/09/2023	25,973	LMA S.A 0% 14/10/2022	36,000
Matchpoint Finance 0% 28/11/2023	25,769	Santander UK PLC FRN 16/11/2022	35,789
Sumitomo Mitsui Banking 0% 08/11/2022	22,434	Penarth Master Issuer FRN 18/03/2025	31,272
Sumitomo Mitsui Banking 0% 08/02/2023	22,307	Coventry Building Society 1.5% 23/01/2023	30,270
Bank Nederlandse Gemeenten 0% 03/11/2022	19,958	OP CORP 0% 06/02/2023	27,000
Matchpoint Finance 0% 27/04/2023	19,928	Matchpoint Finance ABCP 0% 28/09/2023	26,000
Matchpoint Finance 0% 30/06/2023	19,923	DNB BANK 0.35% 03/10/2022	25,000
Matchpoint Finance 0% 30/05/2023	19,920	Sumitomo Mitsui Banking 0% 08/11/2022	22,500
Matchpoint Finance 0% 01/08/2023	19,912	Sumitomo Mitsui Banking 0% 08/02/2023	22,500
<b>Subtotal</b>	<u>300,274</u>	<b>Subtotal</b>	<u>352,931</u>
<b>Other purchases</b>	<u>1,285,097</u>	<b>Other sales</b>	<u>1,461,665</u>
<b>Total purchases for the year</b>	<u><u>1,585,371</u></u>	<b>Total sales for the year</b>	<u><u>1,814,596</u></u>

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## Statistical information

### Comparative table

	30/09/23 pence	Class 'B' Accumulation 30/09/22 pence	30/09/21** pence
<b>Change in net assets per unit</b>			
Opening net asset value per unit	100.67	100.12	100.00
Return before operating charges*	4.68	0.56	0.13
Operating charges	(0.02)	(0.01)	(0.01)
Return after operating charges*	4.66	0.55	0.12
Distributions on accumulation units	(4.27)	(0.86)	(0.15)
Retained distributions on accumulation units	4.27	0.86	0.15
Closing net asset value per unit	105.33	100.67	100.12
* after direct transaction costs of:	–	–	–

### Performance

Return after charges	4.63%	0.55%	0.12%
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### Other information

Closing net asset value (£000)	974,745	1,290,068	1,582,567
Closing number of units	925,434,705	1,281,442,858	1,580,613,144
Operating charges	0.02%	0.01%	0.02%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices<sup>†</sup>

Highest unit price (pence)	105.34	100.74	100.20
Lowest unit price (pence)	100.69	100.10	99.15

\*\*The Fund and Class 'B' Accumulation launched on 15 December 2020.

† 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.

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# Statistical information

## Investment objective

The Fund aims to provide a total return (a combination of capital growth and income) by outperforming 3 month SONIA (before fees) by 0.27% to 0.47% per annum over any given 3 year period.

## Investment policy

The Fund aims to achieve its objective by investing a minimum of 70% in a diversified portfolio of liquid transferable securities such as investment grade short term bonds (which either pay fixed or variable income), money market instruments, asset backed securities and mortgage backed securities available within and outside the UK from UK or non-UK issuers. These may be issued or guaranteed by UK government, other sovereign governments or their agencies, supranational issuers, banks, corporates or other commercial issuers. The Fund may invest in fixed rate instruments with a duration of up to 2 years and floating rate instruments with a weighted average maturity of up to 5 years. However, it may only hold these instruments in weighted proportions which means the total duration of the Fund's portfolio shall not exceed one year. The maturity for Asset Backed Securities and/or amortising assets is determined by the expected maturity of such assets rather than the legal maturity at issuance of such securitisations.

In order to pursue its investment policy, the Fund may also invest the Fund's assets in cash, near cash, deposits and units in collective investment schemes. The Fund may make limited use of stock lending, repos and reverse repos.

Derivatives may be used for efficient portfolio management.

## Investment strategy

The Fund's holdings will typically consist of individual bonds but derivatives (including currency forwards and interest rate and credit default swaps) may be used to gain or reduce (hedge) exposure. The Fund is actively managed and the investment manager invests the Fund's assets using the principle of risk diversification to achieve the objective, through active duration and yield curve management. Non-Sterling denominated assets will typically be hedged back to sterling to minimise exposure to currency rate movements.

## 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.

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# 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 1 (30/09/22: 1) because funds of this type have experienced average 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. Please note the Fund's risk category may change in the future. The indicator does not take into account the following risks of investing in this Fund:

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

For more information on the Risk and Reward profiles of our Funds, please refer to the most up to date relevant fund and Unit Class Key Investor Information Documents (KIIDs). These are available online at [www.phoenixunittrust.co.uk](http://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		3,954		(4,632)
Revenue	5	40,249		12,979	
Expenses	6	(166)		(208)	
Interest payable and similar charges		—		—	
Net revenue before taxation		<u>40,083</u>		<u>12,771</u>	
Taxation	7	—		—	
Net revenue after taxation			<u>40,083</u>		<u>12,771</u>
Total return before distributions			44,037		8,139
Distributions	8		(40,152)		(12,842)
Change in unitholders' funds from investment activities			<u>3,885</u>		<u>(4,703)</u>

## Statement of change in unitholders' funds

		30/09/23		30/09/22	
		£000	£000	£000	£000
Opening net assets			1,290,068		1,582,567
Amounts receivable on issue of units	31,375			14,523	
Amounts payable on cancellation of units	<u>(390,151)</u>			<u>(313,931)</u>	
Change in unitholders' funds from investment activities			(358,776)		(299,408)
Retained distributions on accumulation units			3,885		(4,703)
			<u>39,568</u>		<u>11,612</u>
Closing net assets			<u>974,745</u>		<u>1,290,068</u>

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# Annual financial statements

As at 30 September 2023

## Balance sheet

		30/09/23		30/09/22	
	Notes	£000	£000	£000	£000
<b>Assets:</b>					
<b>Fixed assets:</b>					
Investments			708,295		811,930
<b>Current assets:</b>					
Debtors	9	4,821		5,317	
Cash and bank balances	10	<u>283,486</u>		<u>635,960</u>	
Total current assets			<u>288,307</u>		<u>641,277</u>
Total assets			<u>996,602</u>		<u>1,453,207</u>
<b>Liabilities:</b>					
<b>Creditors:</b>					
Bank overdraft	11	(1,961)		–	
Other creditors	12	<u>(19,896)</u>		<u>(163,139)</u>	
Total creditors			<u>(21,857)</u>		<u>(163,139)</u>
Net assets			<u>974,745</u>		<u>1,290,068</u>
Unitholders' funds			<u>974,745</u>		<u>1,290,068</u>

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# 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, key service provider's operational resilience.

### (b) Valuation of investments

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

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

### (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.

### (e) Expenses

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



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# 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 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 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

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# Notes to the financial statements

## **Note 3 Risk management policies (continued)**

borrowing powers set out in the Trust Deed, the Prospectus and in the Collective Investment Schemes Sourcebook ("the Sourcebook") mitigates the risk of excessive exposure to any particular type of security or issuer.

### **(b) Interest rate risk**

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

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

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

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

### **(c) Foreign currency risk**

The Fund has no significant exposure to foreign currency risk.

### **(d) Liquidity risk**

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

### **(e) Credit risk**

At the Balance sheet date some 29.06% of the Fund's assets were held in corporate bonds, 9.32% in mortgage bonds.

Corporate and mortgage 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.

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## Notes to the financial statements

### 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	3,674	(4,483)
Currency gains/(losses)	281	(148)
Handling charges	(1)	(1)
Net capital gains/(losses)	<u>3,954</u>	<u>(4,632)</u>

### Note 5 Revenue

	30/09/23	30/09/22
	£000	£000
Interest on debt securities	35,079	10,960
Bank interest	73	16
Liquidity interest	5,097	2,003
Total revenue	<u>40,249</u>	<u>12,979</u>

### Note 6 Expenses

	30/09/23	30/09/22
	£000	£000
(a) Payable to the Manager or associates of the Manager and agents of either of them: Manager's periodic charge	<u>49</u>	<u>83</u>
(b) Payable to the Trustee or associates of the Trustee and agents of either of them: Trustee's fees	<u>32</u>	<u>40</u>
(c) Other expenses: Audit fee	10	10
Safe custody charges	69	71
Printing & stationery	1	1
Professional fees	5	3
	<u>85</u>	<u>85</u>
Total expenses	<u>166</u>	<u>208</u>

## Notes to the financial statements

### Note 7 Taxation

	30/09/23	30/09/22
	£000	£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	40,083	12,771
Corporation tax at 20% (30/09/22: 20%)	8,017	2,554
Effects of:		
Deductible interest distributions	(8,017)	(2,554)
Total tax charge for the year (Note 7(a))	–	–

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

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

### 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	15,714	3,548
Final	23,854	8,064
	39,568	11,612
Amounts deducted on cancellation of units	929	1,247
Amounts added on issue of units	(345)	(17)
Net distribution for the year	40,152	12,842
Net revenue after taxation	40,083	12,771
Expenses taken to capital	69	71
Net distribution for the year	40,152	12,842

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

### Note 9 Debtors

	30/09/23	30/09/22
	£000	£000
Accrued income	4,821	2,817
Total debtors	4,821	5,317

### Note 10 Cash and bank balances

	30/09/23	30/09/22
	£000	£000
Cash and bank balances	–	148
Call deposit account	10,001	26,001
Certificates of deposits	48,497	220,493
Commercial papers	154,114	137,836
Time deposits	70,874	251,482
Total cash and bank balances	283,486	635,960

# Notes to the financial statements

<b>Note 11 Bank overdraft</b>	30/09/23	30/09/22
	£000	£000
Bank overdraft	1,961	–
Total bank overdraft	1,961	–

<b>Note 12 Other creditors</b>	30/09/23	30/09/22
	£000	£000
Cancellations awaiting settlement	–	163,074
Purchases awaiting settlement	19,815	–
Manager's periodic charge payable	8	19
Trustee's fees payable	8	13
Safe custody charges payable	53	23
Audit fee payable	10	10
Handling charges payable	2	–
Total other creditors	19,896	163,139

## **Note 13 Reconciliation of units**

	Class 'B' Accumulation
Opening units issued at 01/10/22	1,281,442,858
Unit movements in year:	
Units issued	30,565,887
Units cancelled	(386,574,040)
Closing units at 30/09/23	925,434,705

## **Note 14 Contingencies and commitments**

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

## **Note 15 Related party transactions**

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

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

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

Any balances due to/from the Manager or its associates at 30 September 2023 in respect of these transactions are shown in Notes 9 and 11.

## **Note 16 Financial instruments**

In accordance with the investment objective, the Fund holds certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- derivative transactions which the Fund may also enter/enters into, the purpose of which is to manage the currency and market risks arising from the Fund's investment activities; and
- cash and short term debtors and creditors arising directly from operations.

### **Counterparty exposure**

There was no counterparty exposure held at the year end.

### **Currency exposure**

There was no currency exposure in the current year.

# Notes to the financial statements

## Note 16 Financial instruments (continued)

### Interest profile

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

Currency	Fixed rate financial assets £000	Floating rate financial assets £000	Financial assets not carrying interest £000	Total £000
Sterling	281,963	653,466	61,173	996,602
	281,963	653,466	61,173	996,602

  

Currency	Floating rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Sterling	(1,961)	(19,896)	(21,857)
	(1,961)	(19,896)	(21,857)

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

Currency	Fixed rate financial assets £000	Floating rate financial assets £000	Financial assets not carrying interest £000	Total £000
Sterling	269,554	1,178,336	5,317	1,453,207
	269,554	1,178,336	5,317	1,453,207

  

Currency	Floating rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Sterling	–	(163,139)	(163,139)
	–	(163,139)	(163,139)

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

### Sensitivity analysis

#### Interest rate risk sensitivity

Changes in interest rates or changes in expectation of future interest rates may result in an increase or decrease in the the market value of the investments held. A one percent increase in interest rates (based on current parameters used by the Manager's Investment Risk department) would have the effect of decreasing the return and net assets by £1,893,849 (30/09/22: £1,548,082). A one percent decrease would have an equal and opposite effect.

#### Foreign currency risk sensitivity

As the majority of the Fund's financial assets are in the base currency of the Fund (Sterling), the Fund is only subject to limited exposure to fluctuations in foreign currency and therefore, no sensitivity analysis has been provided.

#### Market price risk sensitivity

A five percent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £35,414,748 (30/09/22: £40,596,483). A five percent decrease would have an equal and opposite effect.

# Notes to the financial statements

## Note 17 Fair value of investments

The fair value of the Fund's investments has been determined using the hierarchy below. This complies with the 'Amendments to FRS 102 – Fair value hierarchy disclosures' issued by the Financial Reporting Council in March 2016.

Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

### For the year ended 30/09/23

Level	1	2	3	Total
<b>Investment assets</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bonds	–	651,943	–	651,943
Money markets/Time deposits	56,352	–	–	56,352
	56,352	651,943	–	708,295

### For the year ended 30/09/22

Level	1	2	3	Total
<b>Investment assets</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bonds	23,670	739,529	–	763,199
Money markets/Time deposits	48,731	–	–	48,731
	72,401	739,529	–	811,930

## Note 18 Portfolio transaction costs

### For the year ended 30/09/23

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%	Total costs £000
<b>Analysis of total purchases costs</b>								
Bond transactions	1,481,221	–	–	–	–	–	–	1,481,221
Money markets	104,150	–	–	–	–	–	–	104,150
Total	1,585,371	–	–	–	–	–	–	1,585,371

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%	Total costs £000
<b>Analysis of total sales costs</b>								
Bond transactions	61,943	–	–	–	–	–	–	61,943
Money markets	96,600	–	–	–	–	–	–	96,600
Corporate actions	1,656,053	–	–	–	–	–	–	1,656,053
Total	1,814,596	–	–	–	–	–	–	1,814,596

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

Commission	0.00%
Taxes	0.00%
Other expenses	0.00%

# Notes to the financial statements

## Note 18 Portfolio transaction costs (continued)

For the year ended 30/09/22

	Value	Commission		Taxes	Other		Total
Analysis of total purchases costs	£000	£000	%	£000	%	£000	£000
Bond transactions	2,127,454	–	–	–	–	–	2,127,454
Money markets	96,940	–	–	–	–	–	96,940
Total	<u>2,224,394</u>	<u>–</u>		<u>–</u>		<u>–</u>	<u>2,224,394</u>

	Value	Commission		Taxes	Other		Total
Analysis of total sales costs	£000	£000	%	£000	%	£000	£000
Bond transactions	5,301	–	–	–	–	–	5,301
Money markets	204,703	–	–	–	–	–	204,703
Corporate actions	2,368,020	–	–	–	–	–	2,368,020
Total	<u>2,578,024</u>	<u>–</u>		<u>–</u>		<u>–</u>	<u>2,578,024</u>

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.

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 0.07% (30/09/22: 0.07%) being the difference between the respective bid and offer prices for the Fund's investments.



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## 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

	Net income	Equalisation	2023 pence per unit paid 31 May	2022 pence per unit paid 31 May
<b>Class 'B' Accumulation</b>				
Group 1	1.6895	—	1.6895	0.2284
Group 2	1.6895	0.0000	1.6895	0.2284

#### Final distribution in pence per unit

Group 1: units purchased prior to 1 April 2023

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

	Net income	Equalisation	2023 pence per unit payable 30 Nov	2022 pence per unit paid 30 Nov
<b>Class 'B' Accumulation</b>				
Group 1	2.5776	—	2.5776	0.6293
Group 2	1.4461	1.1315	2.5776	0.6293

### 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.

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## 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 Ultra Short Duration 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.

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# 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 Ultra Short Duration Fund of the PUTM Bothwell Range of Unit Trusts ("the Trust") for the Period Ended 30 September 2023**

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

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

London  
29 January 2024

HSBC Bank plc

## **Directors' statement**

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

Birmingham  
29 January 2024

Brid Meaney, Director  
Craig Baker, Director

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# Independent auditor's report to the unitholders of the PUTM Bothwell Ultra Short Duration Fund

## Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 30 September 2023 and of the net revenue and the net capital gain 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.

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# Independent auditor's report to the unitholders of the PUTM Bothwell Ultra Short Duration 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 24, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

Our approach was as follows:

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# Independent auditor's report to the unitholders of the PUTM Bothwell Ultra Short Duration Fund

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

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

## Use of our report

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

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

Ernst & Young LLP  
Statutory Auditor  
Edinburgh  
29 January 2024

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## 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](http://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](http://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](http://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
<b>Phoenix Unit Trust Managers</b>	2	99,305.63
of which		
Fixed Remuneration	2	65,211.04
Variable Remuneration	1	34,094.59
Carried Interest	n/a	
<b>Highest paid Director's Remuneration</b>		<b>39,922.40</b>

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.

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## 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 Ultra Short Duration 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](http://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.



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## Corporate information (unaudited)

### Manager

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

### Directors

#### Brid Meaney

PUTM Director, Chief Executive  
Phoenix Life;

#### Craig Baker

PUTM Director, Head of Policholder  
Assets;

#### Timothy Harris

Non Executive Director of PUTM;

#### Nick Poyntz-Wright

Non Executive Director of PUTM.

### Registrar and correspondence address

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

### Investment Adviser

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

### Trustee

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

### Independent Auditor

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

### Authorised status

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

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## Notes

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## Notes



Contact: **Client Services**

Call: **0345 584 2803**

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

Visit: **[phoenixunittrust.co.uk](http://phoenixunittrust.co.uk)**

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

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

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

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

\*Authorised and regulated by the Financial Conduct Authority.