PHOENIX UNIT TRUST MANAGERS

MANAGER'S ANNUAL REPORT

For the year: 1 October 2023 to 30 September 2024

PUTM BOTHWELL EURO SOVEREIGN FUND

Contents

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

Investment review

Dear Investor

Welcome to the PUTM Bothwell European Sovereign Fund annual report for the 12 months to 30 September 2024.

Performance Review

Over the review period, the PUTM Bothwell European Sovereign Fund returned 3.52%. (Source: Factset, Gross of AMC, GBP, based on the movement in the Cancellation Price for 12 months to 30/09/2024). This was compared with the return of 3.21% for its benchmark index. (Source: Datastream, JP Morgan EMU AAA All Maturities Index, Total Return, GBP for 12 months to 30/09/2024).

Note: The Benchmark Index changed from the iBoxx Euro Sovereign All Maturities Index to the JP Morgan EMU AAA All Maturities Index on 17/01/12.

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

Standardised Past Performance

	Sep 23-24 % Growth	Sep 22-23 % Growth	Sep 21-22 % Growth	Sep 20-21 % Growth	Sep 19-20 % Growth
PUTM Bothwell European Sovereign Fund	3.52	-4.82	-13.31	-8.04	2.52
Benchmark Index	3.21	-4.75	-13.51	-7.76	2.05

Source: Fund performance is Factset, Gross of AMC, GBP, based upon the movement in the Cancellation Price to 30 September for each year. Benchmark Index performance is Datastream, JP Morgan EMU AAA All Maturities Index, Total Return, GBP to 30 September for each year

Past performance is not a guide to future performance.

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

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

Investment review

Portfolio and Market Review

Over the past 12 months, the Fund performed outperformed its benchmark. Market moves, as well as absolute return to the Fund, saw some volatility, as investor sentiment was determined by inflation, central bank policy expectations and more recently worries over the health of the global economy.

In the fourth quarter of 2023, major central banks, including the US Federal Reserve (Fed), European Central Bank (ECB), and Bank of England (BoE), kept interest rates steady, with markets anticipating potential cuts in 2024. The quarter began amid economic uncertainty due to Middle East tensions and rising oil prices. In the U.S., the economy showed resilience, with higher-than-expected consumer price index and gross domestic product data pushing 10-year Treasury yields to 5%. The ECB paused after ten consecutive hikes, while the BoE maintained a "higher for longer" stance. In November, markets leaned toward ending rate hikes despite central banks' reminders that inflation was still a concern. US Treasuries performed well, with yields decreasing significantly. In December 2023, the Fed's dovish stance became more pronounced, signalling a potential shift in policy that propelled global yields downward. The Fed decided to maintain rates but expressed optimism, with Fed Chair Jerome Powell revealing preliminary discussions on rate cuts. The market reacted strongly, rallying in anticipation of cuts, with yields falling across the US Treasury curve. Towards the year-end, the Fed's dovish rhetoric ultimately set the stage for a broader decline in global yields.

In the last quarter of 2023, the Fund's performance was positive. As markets began to price in rate cuts, the subsequent rally supported our long duration positions in Germany and the US. Cross-market strategies added to outperformance, via the Fund's long France versus Germany 10-year position and our long UK versus Germany position, expressed at the long end of the curve. A short Italy versus France position detracted marginally. Curve positions, principally expressed via steepeners, also detracted modestly from performance. Relative value positions in Germany and the Netherlands added incrementally, while exposure to supranationals was marginally positive.

In terms of activity, during the last quarter of 2023, the Fund traded long duration for the first half of the quarter up to 0.4 years, reflecting the widespread perception that inflation had peaked. The long positions were mainly held in Germany, although we traded the US tactically. We took profits on the overweight duration position in late November, preferring curve strategies in view of the substantial move lower in yields. We added a 2s10s US steepener as we anticipated markets re-pricing term premium. Elsewhere, we sought to profit from relative curve differentials by placing a 10s30s curve steepener in Europe against a 10s30s curve flattener in the UK. In December, this trade was switched to a direct 30-year UK versus 30-year Germany, as we expected relatively higher European supply weighing on the long end of the curve, as opposed to more gradual UK supply. Late in November, we added a cross-market position in long France versus Germany in light of attractive spread differentials. We reduced this position in late December, replacing it with an Italy versus France spread widener. We considered the Italy-France spread to have tightened too far, especially considering upcoming substantial supply in the first quarter of 2024. Relative value positions in Germany and the Netherlands were unchanged. We maintained our existing modest exposure to supranationals as we expected to add to this position during the January 2024 supply window.

The first quarter of 2024 provided a challenging environment for developed market (DM) government bonds. Yields rose as investors reduced their expectations for near-term policy cuts. Robust US economic data and cautious comments from central banks prompted questions on the timing of interest-rate cuts. From year-end lows, at the 10-year point, yields increased for US Treasuries, UK Gilts and German Bunds. As US data beat market expectations, market pricing for rate cuts was pushed further back into 2024, and the number of cuts expected reduced. As a result, US yields moved higher, taking global yields with them. In the eurozone, inflation was heading lower and the labour market was loosening. ECB communication seemed to be guiding the market to a first rate cut in June.

In the first quarter of 2024, Fund performance was positive, with returns derived from a variety of strategy types. Duration positioning boosted returns in the latter part of the quarter, primarily through German Bunds. Tactical shorts employed during January also made positive contributions in light of the notable range trading in government bond markets. The Fund was active in cross-market positioning. Positives were derived from broadly long European and UK duration versus the US, and from long exposure to European country spreads via Spain and Portugal. However, a short position in Italian yields against French and (later) German counterparts was the largest outright detractor from performance, despite this position being closed during March. In other country spreads, long US versus Canada 10-years and short France versus Germany 15-years were positive contributors. A US 2s10s steepener early in the quarter contributed positively, though these returns were offset by a negative impact from the Netherlands 7s30s strategy. The US 7s10s steepener, added late in the quarter, did not have a material impact on returns. Sovereign, supranational and agency (SSA) positions performed well, offering continued spread pickup.

In terms of activity in the first quarter of 2024, the Fund was mainly active in cross-market positions, as we recognised significant uncertainty and volatility in government bond markets in Europe and more broadly. As expectations of interest-rate cuts were reduced during January, German and UK yields followed US yields more closely than their weaker fundamentals implied. Hence, long Bunds or Gilts versus US Treasuries was a favoured trade in various guises. This position was initially opened at the 30-year point, before being tilted towards the 10-year point in early March as the ECB and BoE grew more dovish. This dovishness supported European country spreads. In conjunction with a busy slate of new issuance, we were able to take advantage of generous spread tightening in peripheral names like Spain and Portugal. While these positions were reduced at the end of the quarter by way of profit-taking, Spanish outperformance remains a favoured position. Italian spreads continued to tighten considerably. Lacking a catalyst for widening despite stretched levels, the short Italy versus France and Germany position was removed in early March. Long US versus Canada 10-year was added as Canadian yields looked rich relative to Treasuries. A short position in France 10-year bonds versus Germany was adopted during March, in line with the expectation that the weak French fiscal position would weigh on spreads. In the second half of the quarter, the Fund was tilted long duration via a combination of Bunds and Gilts. SSA exposure was increased, taking advantage of attractive new issuance premia from a range of AAA-rated issues. In relative value positions, Netherlands 2042s versus 2047s – closed as a profit-take – was replaced by a similar 2037s vs 2040s trade during January. We took profits on a US 2s10s steepener position early in the quarter. A Netherlands 7s30s steepener was added in late January, while in March, we added a 7s10s steepener.

Moving on to the second quarter of 2024, government bond markets remained volatile during the second quarter of 2024. We saw significant moves in yields after any inflation and labour market data that surprised against expectations. Stronger-than-expected inflation in the US dragged yields higher across most DMs. Towards the end of the quarter, European markets were dominated by political volatility in France. During the European parliamentary elections, President Macron's centrist party was severely beaten by Marine Le Pen's far-right National Rally. In response, Macron called for snap parliamentary elections. This caused European government bond spreads to widen materially. The spread between 10-year French and German

Investment review

government bonds widened by 29 basis points (bps) in one week as German Bunds outperformed on the general risk-off tone.

In the second quarter of 2024, active returns were marginally negative because of long duration positioning early in the quarter. Additionally, sovereign, supranational and agency (SSA) exposure caused weak performance in June's volatile market. Cross-market positions were positive. A combination of intra-Europe and cross-Atlantic pairs worked effectively, both as broader tilts to Fund positioning and occasionally as portfolio hedges. Short US versus Germany 10-year was the largest positive contributor, supported by exposure to European country spread tightening. Despite the widening in June, strong tightening previously and tactical short positioning in French government bonds meant the strategy was positive overall. Duration positioning was a headwind early on but was beneficial in May and June. Curve strategies were mixed. A strong US steepening impulse in June was insufficient to offset losses from German 10s30s flattening earlier in the quarter. The US curve out-steepened the UK at the 10s30s tenors, although by less than expected. French election-led spread widening resulted in some underperformance in AAA-rated KFW and Council of Europe issuance. We still believed a possible change of government is an event largely specific to France, and that contagion will abate. We expect these exposures to retighten in time.

In terms of activity in the second quarter of 2024, cross-market strategies continued to be our principal source of the Fund's positioning. We entered the quarter favouring European duration over US, and this was an effective hedging strategy amid April's US-led selloff. We maintained our conviction view on UK outperformance over Germany. This view was principally held via 30-year bonds given the relative supply outlook, although from time to time we switched exposure to the 10-year point. Broadly, we remained positioned for spread tightening within Europe. This primarily consisted of long positions in Spain and Austria. During the election-led June spread-widening, these positions were successfully hedged by selling French 10-year futures. We also held a long position in US 10-year bonds against Canada 10-year, anticipating spread tightening. At the beginning of the quarter, our duration positioning favoured German bunds, with some exposure to Gilts and US Treasuries. However, as higher-than-expected US inflation dragged all major markets higher in yield, we adopted more nimble duration positioning in May and June. We favoured Australian and UK yields after their excessive April-May sell-off, while also adding German Bunds on a tactical basis. Having previously held only light curve positioning via German 10s30s steepening, we increased curve exposure later in the quarter. We expressed US steepening views at the seven to 10-year tenors. We also paired a UK 10s30s flattener versus a US 10s30s steepener. This was mainly because of the UK's light supply calendar, in contrast to expectations of further pressure on the US long-end. We added modestly to AAA-rated SSA exposure, using syndications to enter new positions at attractive levels.

Finally, in the third quarter of 2024, government bonds rallied, boosted by a considerable increase in rate cut expectations. Initially, markets welcomed a dovish shift from the Fed, in particular. This was attributable to weaker US labour market data and signs of further easing of inflation measures. Indeed, much of September was dominated by the debate about to what extent the Fed would reduce interest rates, and this culminated in a larger-than-consensus reduction by 50 bps. Meanwhile, the ECB cut rates by 25 bps. In the UK, the BoE kept rates steady at 5% in September after a 25 bp cut in August. Governor Bailey said the Bank should be able to reduce rates gradually over time. Gilt yields shifted lower in September at the two-year and 10-year points, but the 30-year yield was slightly higher.

In terms of performance in the third quarter, duration positioning was the primary contributor. Long duration positioning in US Treasuries was profitable, especially during July and late August. A tactical short was positive, as was selective longs in UK Gilts and German Bunds. Curve positioning also added to performance, with steepening expressions most successful. Positioning for a steeper US curve was supported by the general reduction of front-end yields. Germany's curve steepening added to returns, led by increased expectations of ECB rate cuts. By contrast, the Fund's Australian 3s10s flattening strategy detracted: the Reserve Bank of Australia remains relatively hawkish, but the front end of the curve was pulled lower by international moves. We closed this position late in the quarter. In cross-market strategies, strong performance from US widening crosses offset weaker returns elsewhere. In late September, we took the Fund underweight US five-year yields versus Germany. This performed well. However, German Bund strength resulted in German yields outperforming 10-year UK Gilts, causing negative contributions. Within Europe, general spread tightening meant Spanish, Portuguese and Austrian longs versus Germany performed well, while the Fund's French and Italian shorts detracted. Both shorts were closed in September. Re-tightening of SSA spreads following France-led widening in June and July was unwound by a pickup in supply during September. However, the Fund's AAA-rated SSA holdings outperformed the rest of the market, leading to positive returns from this strategy. Relative value exposures added marginally to performance.

Finally, regarding activity, duration positioning was key in the third quarter. The Fund was positioned long, although we adopted a tactical short during the market's risk-off panic in early August. We expressed duration views mainly via long positioning in US Treasuries. We entered selective longs in UK Gilts and German Bunds. We preferred steeper curves, anticipating front ends moving lower on increased prospects for rate cuts. We held US curve steepeners, both boxed and outright – 2s10s against an Australian 3s10s flattener, and 10s30s standalone. We positioned for German 10s30s steepening, expecting greater term premium to be priced into the curve. We closed the US 2s10 position early in the quarter at a profit, preferring to hold the Australian curve trade. This was closed at a modest loss late on, though profits were booked on the US 10s30s steepener. In cross-market strategies, we favoured US underperformance versus Europe. We remain overweight Gilts versus Bunds, as we believe Gilt underperformance is overdone. We held modest longs in country spreads, via Spain, Portugal and Austria over Germany. We held tactical shorts in France and Italy on spread. These were closed during the quarter, though we may re-enter if spreads continue to enrichen. We continue to favour high-quality SSA holdings for yield pickup.

Market Outlook and Fund Strategy

We believe we are approaching the end of the economic cycle. This belief is reinforced by data across DM economies showing a softening in activity, a loosening in labour markets and a decline in inflation measures. Accordingly, we see medium-term value in owning global government bonds. We anticipate a rate-cutting cycle-led decline in yields, primarily via a steepening of the curve through falls in short-end yields. Central bank data dependency continues to exacerbate government bond volatility. Services inflation is proving more resilient than desired in certain quarters. We continue to trade nimbly, but prefer a neutral-long duration bias, especially as most DM central banks are growing more comfortable with monetary policy easing. With the rate-cutting cycle having commenced, but with political risk and high bond supply still present, we favour curve steepening. Country and SSA spreads in Europe have mostly tightened in 2024. While they are unlikely to perform strongly from here, we still see merit in favouring higher quality names.

Portfolio of investments (unaudited)

Investments held at 30 September 2024

Holding	Investment	Market value £000	Percentage of total net assets %
	Government Bonds (30/09/23 – 96.57%)		**93.48**
	Austria (30/09/23 – 0.00%)		**1.10**
€289,300	Republic of Austria 2.9% 20/02/2034	246	1.10
	Germany (30/09/23 – 77.01%)		**71.71**
€343,900	Bundesobligation 0% 11/04/2025	282	1.26
€568,200	Bundesobligation 0% 10/10/2025	462	2.07
€277,500	Bundesobligation 0% 10/04/2026	224	1.00
€232,700	Bundesobligation 0% 16/04/2027	184	0.83
€76,300	Bundesobligation 2.1% 12/04/2029	64	0.29
€1,081,000	Bundesobligation 2.2% 13/04/2028	908	4.07
€122,500	Bundesrepublik Deutschland 0% 15/08/2029	93	0.42
€596,100	Bundesrepublik Deutschland 0% 15/05/2036	383	1.72
€492,200	Bundesrepublik Deutschland 0% 15/08/2050	220	0.99
€46,200	Bundesrepublik Deutschland 0% 15/08/2052	20	0.09
€577,700	Bundesrepublik Deutschland 0.25% 15/02/2027	462	2.07
€1,650,957	Bundesrepublik Deutschland 0.5% 15/02/2025	1,362	6.11
€617,400	Bundesrepublik Deutschland 0.5% 15/02/2026	502	2.25
€789,000	Bundesrepublik Deutschland 1% 15/08/2025	648	2.91
€640,103	Bundesrepublik Deutschland 1% 15/05/2038	450	2.02
€552,300	Bundesrepublik Deutschland 1.8% 15/08/2053	398	1.79
€242,900	Bundesrepublik Deutschland 1.8% 15/08/2053	175	0.78
€406,300	Bundesrepublik Deutschland 2.1% 15/11/2029	341	1.53
€1,788,300	Bundesrepublik Deutschland 2.2% 15/02/2034	1,501	6.73
€319,200	Bundesrepublik Deutschland 2.4% 15/11/2030	272	1.22
€1,588,650	Bundesrepublik Deutschland 2.5% 04/07/2044	1,328	5.96
€94,900	Bundesrepublik Deutschland 2.5% 15/08/2046	79	0.35
€351,182	Bundesrepublik Deutschland 2.5% 15/08/2054	295	1.32
€957,200	Bundesrepublik Deutschland 2.6% 15/08/2034	829	3.72
€294,000	Bundesrepublik Deutschland 3.25% 04/07/2042	273	1.22
€471,350	Bundesrepublik Deutschland 4% 04/01/2037	463	2.08
€1,348,200	Bundesrepublik Deutschland 4.75% 04/07/2028	1,236	5.54
€342,500	Bundesrepublik Deutschland 4.75% 04/07/2034	350	1.57
€291,350	Bundesrepublik Deutschland 4.75% 04/07/2040	316	1.42
€255,000	Bundesrepublik Deutschland 5.5% 04/01/2031	256	1.15
€28,800	Bundesrepublik Deutschland 5.625% 04/01/2028	27	0.12
€88,800	Bundesrepublik Deutschland 6.25% 04/01/2030	90	0.40
€984,000	KFW 0.375% 09/03/2026	796	3.57
€378,000	KFW 2.625% 26/04/2029	319	1.43
€220,000	KFW 2.625% 10/01/2034	184	0.83
€231,000	KFW 2.75% 20/02/2031	196	0.88
	Netherlands (30/09/23 – 19.56%)		**19.20**
€166,100	Netherlands (Government of) 0% 15/01/2026	134	0.60
€249,800	Netherlands (Government of) 0% 15/01/2029	190	0.85
€454,000	Netherlands (Government of) 0% 15/07/2030	333	1.49
€1,334,400	Netherlands (Government of) 0% 15/01/2038	786	3.53
€684,800	Netherlands (Government of) 0.25% 15/07/2025	559	2.51
€403,200	Netherlands (Government of) 0.5% 15/07/2026	326	1.46
€343,000	Netherlands (Government of) 0.5% 15/07/2032	249	1.12
€130,200	Netherlands (Government of) 0.75% 15/07/2027	105	0.47
€297,300	Netherlands (Government of) 0.75% 15/07/2028	235	1.05
€420,700	Netherlands (Government of) 2% 15/01/2054	302	1.35
€104,000	Netherlands (Government of) 2.5% 15/01/2030	88	0.40
€395,300	Netherlands (Government of) 2.5% 15/07/2034	331	1.49

Portfolio of investments (unaudited)

Investments held at 30 September 2024

Holding	Investment	Market value £000	Percentage of total net assets %
	Netherlands (continued)		
€289,500	Netherlands (Government of) 2.75% 15/01/2047	244	1.09
€165,200	Netherlands (Government of) 3.75% 15/01/2042	158	0.71
€261,800	Netherlands (Government of) 5.5% 15/01/2028	241	1.08
	Portugal (30/09/23 – 0.00%)		**0.45**
€118,100	Portugal Obrigacoes do Tesouro 2.875% 20/10/2034	100	0.45
	Spain (30/09/23 – 0.00%)		**1.02**
€65,000	Spain Government Bond 3.25% 30/04/2034	56	0.25
€194,000	Spain Government Bond 3.9% 30/07/2039	172	0.77
	Money Market Funds (30/09/23 – 2.37%)		**2.89**
€775*	Aberdeen Standard Liquidity Fund (Lux) - Euro Fund Class Z-3+	645	2.89
	Public Authorities (30/90/23 – 0.00%)		**0.58**
€155,000	BNG Bank 2.75% 28/08/2034	129	0.58
	Supranational Bonds (30/09/23 – 0.00%)		**2.56**
€412,000	Council Of Europe Development 2.75% 16/04/2031	349	1.56
€266,000	Council Of Europe Development 2.625% 11/01/2034	222	1.00
	Forward Foreign Exchange Contracts (30/09/23 – 0.00%)		**0.00**
EUR 2,577 GBP (2,177)	EUR Forward Currency Contract 15/10/2024 GBP Forward Currency Contract 15/10/2024	0	0.00
	Futures (30/09/23 – (0.22)%)		**0.00**
(5)	CBT US 10 Year Ultra Future December 2024	1	0.00
(4)	EUX Euro-Bund Future December 2024	(2)	(0.01)
20	EUX Euro-Bobl Future December 2024	6	0.03
3	ICF Long Gilt Future December 2024	(3)	(0.01)
6	SFE Australian 10Y Bond Future December 2024	(2)	(0.01)
	Portfolio of investments^	22,188	99.51
	Net other assets	109	0.49
	Net assets	22,297	100.00

Unless otherwise stated, all investments with the exception of Forwards 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 BNP Paribas.

^ includes investment liabilities

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

*the currency symbol has been shown as the shares are issued in blocks of €1,000.

Top ten purchases and sales

For the year ended 30 September 2024

Purchases	Cost £000
Bundesrepublik Deutschland 2.2% 15/02/2034	3,144
Bundesrepublik Deutschland 4.75% 04/07/2028	1,260
Bundesrepublik Deutschland 2.5% 04/07/2044	1,157
Bundesrepublik Deutschland 2.6% 15/08/2034	1,057
United Kingdom Gilt 4.375% 31/07/2054	1,008
Netherlands (Government of) 2.5% 15/07/2034	958
Bundesrepublik Deutschland 0.5% 15/02/2025	927
Bundesobligation 2.2% 13/04/2028	917
Bundesrepublik Deutschland 0.25% 15/02/2027	902
Republic of Austria 2.9% 20/02/2034	869
Subtotal	12,199
Other purchases	12,783
Total purchases for the year	24,982

Sales	Proceeds £000
Bundesrepublik Deutschland 2.2% 15/02/2034	1,653
United Kingdom Gilt 4.375% 31/07/2054	1,034
Bundesrepublik Deutschland 3.25% 04/07/2042	1,005
Bundesrepublik Deutschland 1.75% 15/02/2024	893
Bundesrepublik Deutschland 0.25% 15/02/2027	860
Netherlands (Government of) 4% 15/01/2037	742
French Republic Government Bond 3% 25/05/2033	709
United Kingdom Gilt 4.5% 07/06/2028	690
Netherlands (Government of) 3.75% 15/01/2042	666
Netherlands (Government of) 2.5% 15/07/2034	624
Subtotal	8,876
Other sales	21,587
Total sales for the year	30,463

Statistical information

Comparative table

	Class 'B' Accumulation		
	30/09/24 pence	**30/09/23 pence**	**30/09/22 pence**
Change in net assets per unit			
Opening net asset value per unit	103.22	108.73	125.51
Return before operating charges*	3.74	(5.36)	(16.71)
Operating charges	(0.11)	(0.15)	(0.07)
Return after operating charges*	3.63	(5.51)	(16.78)
Distributions on accumulation units	(1.74)	(1.09)	(0.19)
Retained distributions on accumulation units	1.74	1.09	0.19
Closing net asset value per unit	106.85	103.22	108.73
*after direct transaction costs of: ^	0.01	0.10	0.03
Performance			
Return after charges	3.52%	(5.07)%	(13.37)%
Other information			
Closing net asset value (£000)	22,297	27,196	38,314
Closing number of units	20,867,809	26,346,123	35,237,020
Operating charges	0.16%	0.14%	0.06%
Direct transaction costs	0.01%	0.09%	0.03%
Prices+			
Highest unit price (pence)	110.98	111.66	126.96
Lowest unit price (pence)	102.23	101.99	107.87

^ 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 PUTM Bothwell Euro Sovereign Fund (the ‘Fund’) aims to provide a total return (a combination of capital growth and income) by outperforming the benchmark (before fees) by 0.3% to 0.8% per annum over any given 3 year period.

The benchmark is the JPM Euro Gov Bond AAA All Mats Index (the “Index”).

Investment policy

The Fund aims to achieve its objective by investing over 70% in fixed, floating rate index linked securities issued by supranational bodies and government bodies across all maturities that are denominated in Euros. The Fund will invest in a broad range interest bearing securities selected from issues denominated in Euros and with the ability to have some exposure to other currencies.

The Fund may also invest in other transferable securities, units in collective investment schemes and may hold up to 20% of its assets in money market instruments, deposits, cash and near cash. The Fund may, at the Investment Adviser's discretion, hold in excess of 20% of its assets in money market instruments, deposits, cash near cash on a temporary basis in exceptional market circumstances, if deemed to in the best interests of Unitholders.

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 of future economic and business conditions. The Fund is managed within constraints, so that divergence from the Index is controlled.

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

Revenue distribution and pricing

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

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

Statistical information

Risk and reward profile

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

← Typically lower rewards, lower risk — Typically higher rewards, higher risk →

1	2	3	4	5	6	7

This Fund is ranked at 4 (30/09/23: 4) 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 Euros, this may not completely eliminate the Fund's exchange rate risk.
* Derivatives may be used for efficient portfolio management and hedging only.

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

Annual financial statements

For the year ended 30 September 2024

Statement of total return

	Notes	30/09/24 £000	30/09/24 £000	30/09/23 £000	30/09/23 £000
Income					
Net capital gains/(losses)	4		707		(2,162)
Revenue	5	401		388	
Expenses	6	(21)		(45)	
Interest payable and similar charges		–		(7)	
Net revenue before taxation		380		336	
Taxation	7	–		–	
Net revenue after taxation			380		336
Total return/(deficit) before distributions			1,087		(1,826)
Distributions	8		(374)		(345)
Change in unitholders' funds from investment activities			713		(2,171)

Statement of change in unitholders' funds

	30/09/24 £000	30/09/24 £000	30/09/23 £000	30/09/23 £000
Opening net assets		27,196		38,314
Amounts receivable on issue of units	4,820		2,351	
Amounts payable on cancellation of units	(10,778)		(11,615)	
		(5,958)		(9,264)
Change in unitholders' funds from investment activities		713		(2,171)
Retained distributions on accumulation units		346		317
Closing net assets		22,297		27,196

Annual financial statements

As at 30 September 2024

Balance sheet

	Notes	30/09/24 £000	30/09/24 £000	30/09/23 £000	30/09/23 £000
Assets:					
Fixed assets:					
Investments			22,195		26,925
Current assets:					
Debtors	9	419		171	
Cash and bank balances	10	138		219	
Total current assets			557		390
Total assets			22,752		27,315
Liabilities:					
Investment liabilities			(7)		(76)
Creditors:					
Bank overdraft	11	(25)		(24)	
Other creditors	12	(423)		(19)	
Total creditors			(448)		(43)
Total liabilities			(455)		(119)
Net assets			22,297		27,196
Unitholders' funds			22,297		27,196

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, fluctuations in global capital markets, known redemption levels, expense projections and key service provider's operational resilience.

(b) Valuation of investments

The quoted investments of the Fund have been valued at bid dealing prices as at close of business on 30 September 2024, the last valuation point in the accounting year, in accordance with the Trust Deed.

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

Derivatives are valued as at close of business on 30 September 2024, the last valuation point of the accounting year.

Exchange traded derivatives are priced at fair value, which is deemed to be the bid price.

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

(c) Foreign exchange

Transactions in foreign currencies during the year are translated into Sterling (the functional currency of the Fund), at the rates of exchange ruling on the transaction date. Amounts held in foreign currencies have been translated at the rate of exchange ruling at close of business on 30 September 2024, 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.

Any commission arising from stocklending is recognised on an accruals basis and is disclosed net of fees.

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

Notes to the financial statements

Note 1 Accounting policies (continued)

(e) Expenses

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

(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 SI2006/964, Reg 20) and will pay an interest distribution.

(b) Unclaimed distributions

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

(c) Interest from debt securities

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

(d) Expenses

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

Note 3 Risk management policies

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

(a) Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to market fluctuations which are monitored by the Manager in pursuit of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed, the Prospectus and in the Collective Investment Schemes Sourcebook ("the Sourcebook") mitigates the risk of excessive exposure to any particular type of security or issuer.

Notes to the financial statements

Note 3 Risk management policies (continued)

(b) Interest rate risk

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

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

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

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

(c) Foreign currency risk

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

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

(d) Liquidity risk

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

(e) Credit risk

At the Balance sheet date 93.48% (30/09/23: 96.57%) of the Fund's assets were held in government bonds.

Supranational and government bonds involve the risk that the bond issuer will be unable to meet its liability to pay interest or redeem the bond. The Fund Manager selects bonds taking into account the credit rating, bearing in mind the Fund's objective.

(f) Counterparty risk

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

Notes to the financial statements

Note 3 Risk management policies (continued)

(g) Derivatives

Derivatives may be used for efficient portfolio management and hedging only. In doing so the Manager may make use of a variety of derivative instruments in accordance with the Sourcebook. Where derivatives are used for hedging this will not compromise the risk profile of the Fund. Use of derivatives will not knowingly contravene any relevant investment objective or limits.

The Manager has used forwards to hedge the value of those assets denominated in foreign currency.

Note 4 Net capital gains/(losses)

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

	30/09/24 £000	30/09/23 £000
Gains/(losses) on non-derivative securities	726	(1,963)
Gains/(losses) on derivative contracts	4	(63)
Currency losses	(19)	(156)
Handling charges	(4)	(4)
Interest on derivative contracts	–	24
Net capital gains/(losses)	707	(2,162)

Note 5 Revenue

	30/09/24 £000	30/09/23 £000
Interest on debt securities	400	380
Stocklending commission	–	1
Bank interest	1	3
Liquidity interest	–	4
Total revenue	401	388

Notes to the financial statements

Note 6	**Expenses**	30/09/24 £000	30/09/23 £000
(a)	Payable to the Manager or associates of the Manager and agents of either of them:		
	Manager's periodic charge	1	2
(b)	Payable to the Trustee or associates of the Trustee and agents of either of them:		
	Trustee's fees	1	1
(c)	Other expenses:		
	Audit fee	13	10
	Safe custody charges	(6)	9
	Printing & stationery	1	1
	FTSE licence fees	8	16
	Professional fees	3	5
		19	41
	Total expenses	21	45

Note 7	**Taxation**	30/09/24 £000	30/09/23 £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 differs from 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	380	336
	Corporation tax at 20% (30/09/23: 20%)	76	67
	Effects of:		
	Deductible interest distributions	(76)	(67)
	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.

Notes to the financial statements

Note 8 Distributions

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

	30/09/24 £000	30/09/23 £000
Interim	138	170
Final	208	147
	346	317
Amounts deducted on cancellation of units	42	35
Amounts added on issue of units	(14)	(7)
Net distribution for the year	374	345
Net revenue after taxation	380	336
Expenses taken to capital	(6)	9
Net distribution for the year	374	345

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

Note 9 Debtors

	30/09/24 £000	30/09/23 £000
Sales awaiting settlement	240	–
Accrued income	178	170
Liquidity interest receivable	1	1
Total debtors	419	171

Note 10 Cash and bank balances

	30/09/24 £000	30/09/23 £000
Cash and bank balances	47	67
Amounts held at futures clearing houses	91	152
Total cash and bank balances	138	219

Note 11 Bank overdraft

	30/09/24 £000	30/09/23 £000
Amounts due to futures clearing houses	25	24
Total bank overdraft	25	24

Note 12 Other creditors

	30/09/24 £000	30/09/23 £000
Purchases awaiting settlement	401	–
Trustee's fees payable	1	–
Safe custody charges payable	1	3
Audit fee payable	12	10
FTSE License fee payable	8	–
Handling charges payable	–	6
Total other creditors	423	19

Notes to the financial statements

Note 13 Reconciliation of units

	Class 'B' Accumulation
Opening units issued at 01/10/23	26,346,123
Unit movements in year:	
Units issued	4,532,438
Units cancelled	(10,010,752)
Closing units at 30/09/24	20,867,809

Note 14 Contingencies and commitments

At 30 September 2024 the Fund had no outstanding calls on partly paid shares, no potential underwriting commitments or any other contingent liabilities (30/09/23: £nil).

Note 15 Stocklending

The total value of securities on loan at the Balance sheet date was £310,000 (30/09/23: £453,000). Collateral was held in the following form:

	30/09/23 £000	30/09/22 £000
Government bonds	327	477
	327	477

The gross earnings and fees paid for the year were £417 (30/09/23: £1,604) and £75 (30/09/23: £289) respectively.

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

The counterparties for the securities on loan are shown in the appendix on page 29.

Note 16 Related party transactions

The Manager, Phoenix Unit Trust Managers Limited (PUTM) is a related party due to PUTM acting as key management personnel to the Fund and is regarded as a controlling party by virtue of having the ability to act in respect of operation of the Fund.

The Manager is part of the Phoenix Group. Phoenix Life Limited which is also part of the Phoenix Group, is a material unitholder in the Fund and therefore a related party, holding 100% of the units at the year end (30/09/23: 100%).

The 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 the current and prior year end in respect of these transactions are shown in Notes 9 and 12.

Note 17 Financial instruments

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

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

Notes to the financial statements

Note 17 Financial instruments (continued)

Counterparty exposure

At the Balance Sheet date the Fund had no counterparty exposure on open Forward Foreign Exchange Contracts [2023: nil].

At the Balance sheet date the Fund had no Collateral (held)/pledged on open Forward Foreign Exchange Contracts [2023: nil].

Currency exposure

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

	Net currency assets 30/09/24			Net currency assets 30/09/23		
Currency	Monetary exposure £000	Non-monetary exposure £000	Total exposure £000	Monetary exposure £000	Non-monetary exposure £000	Total exposure £000
Sterling	(7)	(6)	(13)	(9)	5	(4)
Australian Dolla	(3)	(2)	(5)	(10)	–	(10)
Euro	109	22,195	22,304	344	26,844	27,188
US Dollar	10	1	11	22	–	22
	109	22,188	22,297	347	26,849	27,196

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

Interest profile

The interest rate risk profile of financial assets and liabilities at 30 September 2024 was:

Currency	Fixed rate financial assets £000	Floating rate financial assets £000	Financial assets not carrying interest £000	Total £000
Sterling	–	20	1	21
Australian Dollar	–	11	–	11
Euro	–	22,285	423	22,708
US Dollar	–	11	1	12
	––	22,327	425	22,752

Currency	Floating rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Sterling	(6)	(27)	(33)
Australian Dollar	(14)	(2)	(16)
Euro	(4)	(401)	(405)
US Dollar	(1)	-	(1)
	(25)	(430)	(455)

Notes to the financial statements

Note 17 Financial instruments (continued)

Interest profile (continued)

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	–	28	1	29
Euro	26,264	814	186	27,264
US Dollar	–	22	–	22
	26,264	864	187	27,315

Currency	Floating rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Sterling	(14)	(19)	(33)
Australian Dollar	(10)	–	(10)
Euro	–	(76)	(76)
	(24)	(95)	(119)

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.

	30/09/24		30/09/23	
Credit Ratings	£000	%	£000	%
Investment grade	13,792	64.02	26,264	100.00
Unrated	7,751	35.98	–	–
Total investment in bonds	21,543	100.00	26,264	100.00

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 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 £1,667,816 (30/09/23: £1,958,337). A one percent decrease would have an equal and opposite effect.

Foreign currency risk sensitivity

A five percent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets by £1,115,259 (30/09/23: £1,359,858). A five percent decrease would have an equal and opposite effect.

Market price risk sensitivity

A five percent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £1,109,380 (30/09/23: £1,342,459). A five percent decrease would have an equal and opposite effect.

Notes to the financial statements

Note 18 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 30/09/24

Level	1	2	3	Total
Investment assets	**£000**	**£000**	**£000**	**£000**
Bonds	21,543	–	–	21,543
Derivatives	7	–	–	7
Money markets	645	–	–	645
	22,195	–	–	22,195
Investment liabilities	**£000**	**£000**	**£000**	**£000**
Derivatives	(7)	–	–	(7)
	(7)	–	–	(7)

For the year ended 30/09/23

Level	1	2	3	Total
Investment assets	**£000**	**£000**	**£000**	**£000**
Bonds	26,264	–	–	26,264
Derivatives	16	–	–	16
Money markets	645	–	–	645
	26,925	–	–	26,925
Investment liabilities	**£000**	**£000**	**£000**	**£000**
Derivatives	(76)	–	–	(76)
	(76)	–	–	(76)

Note 19 Portfolio transaction costs

For the year ended 30/09/24

Analysis of total purchases costs	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%	Total costs £000
Bond transactions	24,982	–	–	–	–	–	–	24,982
Total	24,982	–		–		–		24,982

Analysis of total sales costs	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%	Total costs £000
Bond transactions	30,463	–	–	–	–	–	–	30,463
Total	30,463	–		–		–		30,463

Notes to the financial statements

Note 19 Portfolio transaction costs (continued)

The Fund has paid £2,959 as commission on purchases and sales of derivatives transactions for the year ended 30/09/24.

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

Commission	0.01%
Taxes	0.00%
Other expenses	0.00%

For the year ended 30/09/23

Analysis of total purchases costs	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%	Total costs £000
Bond transactions	14,977	–	–	–	–	–	–	14,977
Money markets	5,673	–	–	–	–	–	–	5,673
Total	20,650	–		–		–		20,650

Analysis of total sales costs	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%	Total costs £000
Bond transactions	23,521	–	–	–	–	–	–	23,521
Money markets	5,446	–	–	–	–	–	–	5,446
Corporate actions	766	–	–	–	–	–	–	766
Total	29,733	–		–		–		29,733

The Fund has paid £30,432 as commission on purchases and sales of derivatives transactions for the year ended 30/09/23.

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

Commission	0.09%
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 0.06% (30/09/23: 0.11%) being the difference between the respective bid and offer prices for the Fund's investments.

Distribution tables

For the year ended 30 September 2024

Interest distributions

Interim distribution in pence per unit

Group 1: units purchased prior to 1 October 2023
Group 2: units purchased 1 October 2023 to 31 March 2024

Class 'B' Accumulation	Gross income	Equalisation	2024 pence per unit paid 31 May	2023 pence per unit paid 31 May
Group 1	0.7392	—	0.7392	0.5354
Group 2	0.0887	0.6505	0.7392	0.5354

Final distribution in pence per unit

Group 1: units purchased prior to 1 April 2024
Group 2: units purchased 1 April 2024 to 30 September 2024

Class 'B' Accumulation	Gross income	Equalisation	2024 pence per unit payable 30 Nov	2023 pence per unit paid 30 Nov
Group 1	0.9985	—	0.9985	0.5556
Group 2	0.9356	0.0629	0.9985	0.5556

Equalisation

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

Responsibilities of the manager and the trustee

a) The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual and interim accounting period which give a true and fair view of the position of the Fund and of the net revenue and the net capital gains on the property of the Fund for the year.

In preparing the accounts the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Fund in accordance with its Trust Deed, the Prospectus and the COLL Rules.

The Manager is responsible for the maintenance and integrity of the corporate and financial information included on its website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

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

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

The Depositary must ensure that:

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

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

Trustee's report and directors' statement

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the PUTM Bothwell Euro Sovereign Fund of the PUTM Bothwell Range of Unit Trusts ("the Trust") for the Period Ended 30 September 2024

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

i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents of the Trust; and

ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and the Scheme documents of the Trust.

London
23 January 2025

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
23 January 2025

Michael Eakins, Director
Frances Clare Maclachlan, Director

Independent auditor’s report to the unitholders of the PUTM Bothwell Euro Sovereign Fund

Opinion

We have audited the financial statements of PUTM Bothwell Euro Sovereign Fund (the ‘Fund’) for the year ended 30 September 2024 which comprise the Statement of total return, the Statement of change in unitholders' funds, the Balance sheet, the Related notes and Distribution table for the Fund and the accounting policies set out on pages 13 to 14.

In our opinion, the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Fund as at 30 September 2024 and of the net revenue and the net capital gains on the property of the Fund for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Fund in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going Concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the Fund or to cease their operations, and as they have concluded that the Fund’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

In our evaluation of the Manager’s conclusions, we considered the inherent risks to the Fund’s business model and analysed how those risks might affect the Fund’s financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

– we consider that the Manager’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
– we have not identified, and concur with the Manager’s assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Fund’s ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Fund will continue in operation.

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

– To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

– Enquiring of Directors as to the Fund's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud; Assessing the segregation of duties in place between the Manager, the Trustee, the Administrator and the Investment Adviser; and

– Reading board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgemental and based on publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

Independent auditor's report to the unitholders of the PUTM Bothwell Euro Sovereign Fund

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We identified and selected a sample of journal entries made at the end of the reporting period and tested those substantively including all material post-closing entries. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

Identifying and responding to risks of material misstatement due to fraud

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Manager and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Fund is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Fund is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection and bribery and corruption legislation recognising the Fund's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Manager is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

– we have not identified material misstatements in the other information; and

– in our opinion the information given in the Manager's Report for the financial year is consistent with the financial statements.

Independent auditor’s report to the unitholders of the PUTM Bothwell Euro Sovereign Fund

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Fund have not been kept; or
- the financial statements are not in agreement with the accounting records.

Manager's responsibilities

As explained more fully in its statement set out on page 26, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities

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 our opinion in an auditor’s report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC’s website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Fund’s unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook (‘the COLL Rules’) issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Fund’s unitholders 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 Fund’s unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Archer
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS

23 January 2025

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	1.44

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£310,049	1.39

* 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	Holding	Collateral Fair value £000
Government of Japan 2.5% 20/09/2037	53,750,000	326
Government of Japan 1.1% 20/03/2043	50,000	1
Government of Japan 0.5% 20/03/2041	50,000	–

All counterparties

Counterparty	Gross volume of outstanding transactions Fair value £000
Citigroup Global Markets	310

Appendix

Aggregate Data

Type and quality of collateral

Type	Quality*	Fair value £000
Bonds	Investment grade	327
		327

* 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	327
	327

Currency of collateral

Currency	Fair value £000
Sterling	327
	327

Maturity tenor of SFTs

Maturity	Fair value £000
Rolling Maturity	310
	310

Country in which counterparties are established

Counterparty
All counterparties are UK based

Return and cost

	Gross return £000	Cost £000	% of overall returns	Net return £000
Fund	–	–	82.00	–
	–	**–**		**–**

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

Corporate information (unaudited)

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

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

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

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

Remuneration

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

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

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

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

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

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

As at 31 December 2023

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

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

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

Corporate information (unaudited)

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

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

Total remuneration can include any of the following;

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

Senior Management includes – PUTM Board and PUTM Executive Committees.

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

Assessment of Value

We are required to perform an annual assessment of the value for money for each unit class of PUTM Bothwell Euro Sovereign Fund. This has been performed based on the information available as at 30 September 2024.

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

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

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

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

Further details of the Assessment of Value can be found at the following link;
http://www.phoenixunittrust.co.uk/report-and-accounts.aspx

Fund Climate Report

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

Risks

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

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

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

Corporate information (unaudited)

Manager

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

Directors

Michael Eakins (appointed 29 April 2024)	PUTM Director, Group Chief Investment Officer;
Frances Clare Maclachlan (appointed 19 April 2024)	PUTM Director, Chief Finance Officer SLF UK, Sun Life of Canada;
Craig Baker (resigned 28 April 2024)	PUTM Director, Head of Policyholder Assets;
Brid Meany (resigned 19 April 2024)	PUTM Director, Chief Executive Phoenix Life;
Timothy Harris	Non Executive Director of PUTM;
Nick Poyntz-Wright	Non Executive Director of PUTM;
Ian Craston (appointed 19 September 2023)	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

KPMG LLP
319 St. Vincent Street,
Glasgow
G2 5AS

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.

Notes

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Phoenix

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**