

PHOENIX UNIT TRUST MANAGERS

MANAGER'S INTERIM REPORT

For the half year: 1 October 2023 to 31 March 2024 (unaudited)

PUTM BOTHWELL LONG GILT STERLING HEDGED FUND



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Investment review

Dear Investor

Welcome to the PUTM Bothwell Long Gilt Sterling Hedged Fund interim report for the six months to 31 March 2024.

Performance Review

Over the review period, the PUTM Bothwell Long Gilt Sterling Hedged Fund returned -4.61% (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 -4.63% by its benchmark index (Source: Factset, FTSE Actuaries UK Conventional Gilts (Over 15 Years) Index, Total Return, GBP for six months to 31/03/2024.)

In the table below you can see how the Fund performed against its benchmark index.

Standardised Past Performance

	Mar 23-24 % Growth	Mar 22-23 % Growth	Mar 21-22 % Growth	Mar 20-21 % Growth	Mar 19-20 % Growth
PUTM Bothwell Long Gilt Sterling Hedged Fund	-4.61	-29.74	-7.19	-10.37	17.61
Benchmark Index	-4.63	-29.72	-7.17	-10.35	17.58

Source: Fund performance is Factset, Gross of AMC, GBP, based upon the movement in the Cancellation Price to 31 March for each year. Benchmark Index performance is Factset, FTSE Brit Govt Over 15 Years, Total Return, GBP to 31 March 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.

Investment review

Portfolio and Market Review

Global and UK government bonds recorded a strong six-month performance despite volatility during the review period. Growing expectations that global inflation pressures may be peaking, led to hopes that developed market (DM) central banks may start decreasing interest rates in 2024.

The final quarter of 2023 started with the onset of hostilities in the Middle East and led to significant market uncertainty at the beginning of October 2024. Fears of escalation and rising oil prices plagued the economic landscape. Fuel prices kept UK inflation elevated above consensus at 6.7% year on year, while the core figure fell to 6.1%. Bank of England (BoE) communications in October reiterated that interest rates will stay higher for longer. At its November meeting, as widely anticipated, the BoE held rates at 5.25%, with a 6-3 vote delivering a somewhat hawkish tone. But while the central bank continued to deliver cautious messaging, the market was shifting towards a consensus that the interest rate-hiking cycle was over. During December, Gilts outperformed their European counterparts. Once more, the BoE held interest rates at 5.25%, while reiterating its prior messaging of “sufficiently restrictive for sufficiently long”. While the tone was perhaps more hawkish than the market had expected, the messaging was essentially unchanged. Inflation concerns were aired, and Governor Bailey stated that there was “still some way to go” to curb UK inflation. He added that “further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures”.

Subsequently, the first quarter of 2024 generally delivered a challenging environment for DM government bonds. Yields mostly rose as markets reduced their expectations for near-term interest rate cuts. Robust US economic data and cautious comments from DM central banks left questions on the timing of rate cuts and the extent to which policymakers can now ease rates. In the UK, the narrative was little changed over the first quarter. Inflation data came down quicker than markets anticipated, and the labour market loosened. Data released in the first quarter showed that the UK had slipped into technical recession in the fourth quarter. However, for the first quarter of 2024, it looked like growth would, at the very least, be positive. The BoE communication evolved over the quarter to line up a rate cut in the second quarter. Additionally, the two hawks on the Monetary Policy Committee joined the majority by no longer voting for a rate hike. From a political perspective, markets had feared the Conservative government might deliver an expansionary Spring budget, but this turned

into a non-event. Chancellor Jeremy Hunt scraped together what fiscal headroom he had left to deliver a 2% cut to national insurance. We believe this should have a limited impact on the BoE's rate-cutting cycle.

Over the review period, the Fund's activity was restricted to managing cash inflows and outflows, matching index events and portfolio rebalancing. All activity was undertaken to ensure that Fund returns were in line with the benchmark, as per the objective. No active risk positions were taken. The Fund performed in line with its benchmark over the period. Tracking error was minimal.

Market Outlook and Fund Strategy

Our view remains that we are approaching the end of the economic cycle, reinforced by incoming data across developed market economies showing a softening in activity, a loosening in labour markets, and a decline in inflation measures. As a result, we see medium term value in owning global government bonds, anticipating a rate cutting cycle from the major central banks beginning in the second quarter of 2024, and an associated decline in yields primarily via a bull steepening of curves. Having said that, we are mindful that the path to this medium-term outcome is unlikely to be a smooth one and that stubborn inflation, in particular, may present several hurdles along the way. Central bank data dependency has exacerbated rates volatility, as witnessed during the first quarter of 2024. Labour market data is a key focus for several central banks, especially in light of the propensity for wage and employment changes to lag other indicators.

Portfolio of investments

Investments held at 31 March 2024

Holding	Investment	Market value £000	Percentage of total net assets %
	United Kingdom		
	Government Bonds (30/09/23 - 98.84%)		98.92
£1,718,600	UK Treasury 0.5% 22/10/2061	533	1.66
£2,085,200	UK Treasury 0.625% 22/10/2050	870	2.71
£1,500,500	UK Treasury 0.875% 31/01/2046	768	2.39
£771,292	UK Treasury 1.125% 22/10/2073	293	0.91
£2,222,500	UK Treasury 1.25% 22/10/2041	1,394	4.34
£1,867,400	UK Treasury 1.25% 31/07/2051	943	2.94
£1,675,723	UK Treasury 1.5% 22/07/2047	974	3.03
£1,179,800	UK Treasury 1.5% 31/07/2053	623	1.94
£1,591,100	UK Treasury 1.625% 22/10/2054	861	2.68
£1,582,500	UK Treasury 1.625% 22/10/2071	757	2.36
£1,929,000	UK Treasury 1.75% 22/01/2049	1,166	3.63
£2,019,876	UK Treasury 1.75% 22/07/2057	1,109	3.45
£1,331,433	UK Treasury 2.5% 22/07/2065	874	2.72
£1,914,631	UK Treasury 3.25% 22/01/2044	1,629	5.07
£1,912,190	UK Treasury 3.5% 22/01/2045	1,680	5.23
£1,337,377	UK Treasury 3.5% 22/07/2068	1,132	3.53
£1,543,264	UK Treasury 3.75% 22/07/2052	1,383	4.31
£1,814,405	UK Treasury 3.75% 22/10/2053	1,619	5.04
£1,630,653	UK Treasury 4% 22/01/2060	1,527	4.76
£706,500	UK Treasury 4% 22/10/2063	660	2.06
£1,557,804	UK Treasury 4.25% 07/09/2039	1,560	4.86
£1,716,421	UK Treasury 4.25% 07/12/2040	1,709	5.32
£1,629,881	UK Treasury 4.25% 07/12/2046	1,595	4.97
£1,364,200	UK Treasury 4.25% 07/12/2049	1,331	4.15
£1,820,043	UK Treasury 4.25% 07/12/2055	1,774	5.53
£413,100	UK Treasury 4.375% 31/07/2054	410	1.28
£1,828,100	UK Treasury 4.5% 07/12/2042	1,866	5.81
£685,300	UK Treasury 4.75% 22/10/2043	719	2.24
	Portfolio of investments	31,759	98.92
	Net other assets	345	1.08
	Net assets	32,104	100.00

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.

Credit Ratings	£000	%
Investment grade	31,759	98.92
Total investment in bonds	31,759	98.92

Top ten purchases and sales

For the half year ended 31 March 2024

Purchases	Cost £000	Sales	Proceeds £000
UK Treasury 4.75% 22/10/2043	864	UK Treasury 4.75% 07/12/2038	1,758
UK Treasury 3.75% 22/10/2053	632	UK Treasury 1.125% 31/01/2039	1,083
UK Treasury 4.375% 31/07/2054	399	UK Treasury 4.25% 07/12/2046	183
UK Treasury 4.25% 07/12/2046	193	UK Treasury 4.25% 07/12/2049	181
UK Treasury 4.25% 07/12/2049	184	UK Treasury 4.75% 22/10/2043	167
UK Treasury 3.25% 22/01/2044	172	UK Treasury 1.75% 22/01/2049	156
UK Treasury 1.75% 22/01/2049	158	UK Treasury 4.25% 07/09/2039	149
UK Treasury 4.25% 07/09/2039	140	UK Treasury 3.25% 22/01/2044	142
UK Treasury 4% 22/10/2063	137	UK Treasury 4% 22/01/2060	126
UK Treasury 4% 22/01/2060	126	UK Treasury 1.5% 22/07/2047	106
Subtotal	3,005	Subtotal	4,051
Other purchases	1,442	Other sales	1,176
Total purchases for the half year	4,447	Total sales for the half year	5,227

Statistical information

Comparative table

	Class 'B' Accumulation			30/09/21 pence
	31/03/24 pence	30/09/23 pence	30/09/22 pence	
Change in net assets per unit				
Opening net asset value per unit	119.32	136.47	212.48	239.50
Return before operating charges*	12.32	(17.06)	(75.92)	(26.93)
Operating charges	(0.05)	(0.09)	(0.09)	(0.09)
Return after operating charges*	12.27	(17.15)	(76.01)	(27.02)
Distributions on accumulation units	(1.99)	(3.63)	(3.31)	(3.33)
Retained distributions on accumulation units	1.99	3.63	3.31	3.33
Closing net asset value per unit	131.59	119.32	136.47	212.48
* after direct transaction costs of: ^	0.00	0.00	0.00	0.00

Performance

Return after charges	10.28%	(12.57%)	(35.77%)	(11.28%)
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Other information

Closing net asset value (£000)	32,104	30,404	34,149	54,987
Closing number of units	24,397,085	25,482,167	25,023,082	25,878,906
Operating charges	0.07%	0.07%	0.04%	0.04%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%

Prices⁺

Highest unit price (pence)	139.21	153.44	240.95	244.07
Lowest unit price (pence)	114.89	114.42	114.02	209.66

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

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

Statistical information

Investment objective

The Fund aims to provide a total return (a combination of capital growth and income) delivering this return in line with the benchmark before management fees and expenses.

The benchmark is the FTSE UK Conventional Gilts Over 15 Years Index (the "Index").

Investment policy

The Fund will aim to achieve this objective by investing at least 90% of the portfolio in long dated securities issued by the UK Government, that are constituents of the Index.

From time to time, the Fund may acquire or hold securities that are not constituents of the Index, as a result of new components entering the index, or existing components exiting the index.

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

Investment strategy

The Fund will seek to physically replicate the Index. This process will involve investing in components of the Index, though not necessarily in the same proportions of the Index at all times. Consequently, the Fund may not track the Index exactly but will contain a meaningful exposure to the market. Stock index futures contracts may also be used to manage the cash portion of the Fund. It is intended that the Fund will normally be close to fully invested as outlined above.

The Fund may also invest in other transferable securities, units in collective investment schemes and may hold up to 10% of its assets in money market instruments, deposits, cash and near cash. The Fund may use derivatives for efficient portfolio management only.

Revenue distribution and pricing

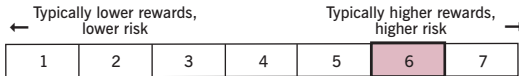
Units of the Fund are available as Class 'B' Accumulation units (where revenue is reinvested to enhance the unit price). There will be two potential distributions in each accounting year: an interim distribution as at 31 March and a final distribution as at 30 September.

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.



This Fund is ranked at 6 (30/09/23: 6) because funds of this type have experienced high/average rises and falls in value in the past. Although this is a high risk ranking it is not the highest. The above figure applies to the following unit class:

- 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 (KIID). These are available online at www.phoenixunittrust.co.uk.

Directors' statement

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

29 May 2024

Mike Eakins, Director

Frances Clare Maclachlan, Director

Interim financial statements

For the half year ended 31 March 2024

Statement of total return

	31/03/24		31/03/23	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		2,565		(91)
Revenue	505		462	
Expenses	<u>(13)</u>		<u>(11)</u>	
Net revenue for the half year		<u>492</u>		<u>451</u>
Total return before distribution		3,057		360
Distributions		(494)		(451)
Change in unitholders' funds from investment activities		<u>2,563</u>		<u>(91)</u>

Statement of change in unitholders' funds

	31/03/24		31/03/23*	
	£000	£000	£000	£000
Opening net assets		30,404		34,149
Amounts receivable on issue of units	262		1,447	
Amounts payable on cancellation of units	<u>(1,610)</u>		<u>(544)</u>	
		(1,348)		903
Change in unitholders' funds from investment activities		2,563		(91)
Retained distributions on accumulation units		<u>485</u>		<u>454</u>
Closing net assets		<u>32,104</u>		<u>35,415</u>

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

Interim financial statements

As at 31 March 2024

Balance sheet

	31/03/24		30/09/23	
	£000	£000	£000	£000
Assets:				
Fixed assets:				
Investments		31,759		30,050
Current assets:				
Debtors	394		345	
Cash and bank balances	<u>35</u>		<u>23</u>	
Total current assets		<u>429</u>		<u>368</u>
Total assets		<u>32,188</u>		<u>30,418</u>
Liabilities:				
Creditors:				
Other creditors	<u>(84)</u>		<u>(14)</u>	
Total liabilities		<u>(84)</u>		<u>(14)</u>
Net assets		<u>32,104</u>		<u>30,404</u>
Unitholders' funds		<u>32,104</u>		<u>30,404</u>

Notes to the interim financial statements

Accounting policies

The interim financial statements have been prepared under the historical cost basis, as modified by the valuation of investments and in compliance with FRS 102 and in accordance with the Statement of Recommended Practice (2014 SORP) for financial statements of Authorised Funds issued by The Investment Association in May 2014 (and amended in June 2017). Unless otherwise stated all accounting policies applied are consistent with those of the Annual Report for the year ended 30 September 2023 and are described in those financial statements.

Distribution table

For the half year ended 31 March 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

			2024 pence per unit payable 31 May	2023 pence per unit paid 31 May
Class 'B' Accumulation				
Group 1	1.9905	—	1.9905	1.7675
Group 2	1.4813	0.5092	1.9905	1.7675

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.

Corporate information

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

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

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

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

Remuneration

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

Fund Climate Report

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

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

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

Mike Eakins	PUTM Director, Group Chief Investment Officer;
Frances Clare Maclachlan	PUTM Director, Chief Finance Officer, SLF UK, Sun Life of Canada;
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.

Notes

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Contact: **Client Services**

Call: **0345 584 2803**

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

Visit: **phoenixunittrust.co.uk**

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

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

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