

# PHOENIX UNIT TRUST MANAGERS

## MANAGER'S ANNUAL REPORT

For the year: 1 October 2023 to 30 September 2024

### PUTM FAR EASTERN UNIT TRUST





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

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# Investment review

## Dear Investor

Welcome to the PUTM Far Eastern Unit Trust annual report for the 12 months to 30 September 2024.

## Performance Review

Over the review period, the PUTM Far Eastern Unit Trust returned 14.48% (Source: Factset, for the 12 months to 30/09/24), compared to a return of 18.07% for its benchmark (Source: Factset, MSCI AC Asia Pacific ex Japan Index, Gross Return, GBP for 12 months to 30/09/24).

## Standardised Past Performance

	Sept 23-24 % growth	Sept 22-23 % growth	Sept 21-20 % growth	Sept 20-21 % growth	Sept 19-20 % growth
<b>PUTM Far Eastern Unit Trust</b>	14.48	-1.79	-12.82	13.29	7.47
<b>Benchmark Index</b>	18.07	2.39	-11.47	12.08	8.55

Source: FactSet, Gross of AMC, GBP, based upon the movement in the Cancellation Price to 30 September for each year. Benchmark Index performance is Factset, MSCI AC Asia Pacific ex Japan Index, Gross 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.**

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# Investment review

## Portfolio and market review

Asian equities performed well over the year after a flat start, as inflationary pressures eased and hopes that the US Federal Reserve (Fed) would move its monetary policy towards potential rate cuts were finally realised towards the end of the period. Followed the Fed's easing, China announced fresh economic stimulus to support the country's stalled recovery amid continued property woes, which also boosted investor sentiment. The People's Bank of China (PBOC) went ahead with a more aggressive and coordinated monetary policy combination. That was followed by a loosening of housing policies, with Tier-1 cities removing purchase restrictions to varying degrees. As a result, markets in China and Hong Kong recovered sharply albeit their positive returns lagged the regional benchmark, given that they had been among the weakest performers in the first half of the review year.

Resilient corporate earnings results also boosted markets and optimism over artificial intelligence (AI)-related products helped the technology sector. The tech-heavy market in Taiwan benefitted the most from the AI fervour and recorded the strongest gains. Indian stocks also did well, helped by the country's rapidly growing economy. Investors shrugged off concerns following elections in which Prime Minister Modi's Bharatiya Janata Party had to form a coalition to remain in power. On the other hand, Korea lagged, partially due to disappointing earnings from heavyweight US tech giants.

Amid this backdrop, the Fund posted positive returns but underperformed the benchmark, with China and Hong Kong being key areas of weakness, along with weak stock selection in the technology sector. The underperformance came mostly in the first six months, but the strategy had been clawing back performance, notably in the final three months.

The Fund faced significant style headwinds over the review period, as quality remained out of favour in Asia, while value and cyclical stocks performed better. This was most evident in China, where we faced acute style headwinds and underperformance occurred during months of intensifying macro uncertainty. For much of the period under review, the Fund's significant exposure to the mainland domestic consumer was a key driver of underperformance. Negative wealth effects from falling home prices led to weaker consumption and tighter cost control by companies, affecting income growth and employment. Towards the period end, sentiment improved considerably as the policy stimulus boosted the entire market, especially consumption, real estate, technology, and green sectors. However, our exposure to several consumer-related stocks, notably China Tourism Group Duty Free (CTGDF), was costly for performance through the entire year. Ultimately, we decided to exit CTGDF. Despite the prevailing weakness, we are positive on the longer-term outlook for domestic consumption, given the huge domestic market and spending power of a growing middle class.

As for Hong Kong, our heavier-than-benchmark exposure to the market detracted, as the market was sold down due to weak macro sentiment, resulting from foreign outflows where global investors reduced China risk indiscriminately. Stock selection was also weak. AIA Group and Budweiser APAC detracted from performance. AIA, the pan-Asia life insurer, delivered solid earnings beats but was sold down due to weak macro sentiment, resulting from foreign outflows where global investors have reduced China risk indiscriminately. We kept faith with the company as we felt that its quality was being mispriced, and we are pleased that the market is starting to recognise its positive fundamentals. We exited Budweiser APAC given better opportunities elsewhere.

The losses were limited by our underweight to China and a strong performance from Tencent following the announcement of fresh

stimulus measures. The company had already made gains thanks to robust first-quarter results that showed a turnaround in core gaming revenues and a surge in advertising revenues linked to more efficient monetisation of their video accounts business.

At the sector level, the technology sector was a key detractor owing to weak stock selection. Here, our holding in Samsung Electronics was weighed down by persistent concerns over the expected weak demand for smartphones and legacy memories, as well as the risk of entering the high-bandwidth memory (HBM) market late compared to competitors. We believe that Samsung's continuing investment in HBM capacity reflects its view of HBM visibility. That said, we are monitoring developments and our positioning closely. The lack of exposure to SK Hynix for the majority of the period also weighed on returns, given that it is benefiting from growing demand for high bandwidth memory (HBM) for AI processing, such as machine learning and neural network AI. We introduced SK Hynix in the final three months, and the lack of exposure to the stock for the large part of the review year held back relative returns as the stock registered steep gains. The company is developing energy-efficient chips to offset the power consumption characteristics of memory chips. It is also investing in greenhouse gas reduction technologies and transitioning to renewable energy. The losses were mitigated by positive contributions from some of our Taiwanese tech holdings, including semiconductor chip manufacturer Taiwan Semiconductor Manufacturing Co (TSMC), the top overall performer in the period, passive components maker Yageo Corp, and Silergy. TSMC and Yageo posted better-than-expected results for the first quarter of 2024 with TSMC notably more positive on the AI supply chain as it increased its AI contribution guidance into 2028.

Good stock selection in India was a further positive in the period with Power Grid Corporation of India, Fortis Healthcare and Godrej Properties all making into the top 10 contributors. Utilities name Power Grid did well on a robust development pipeline and earnings visibility. It also reported results in line with expectations, but its outlook turned more upbeat. Fortis Healthcare delivered results in line with expectations while management remained positive on the outlook for margins and occupancy levels. Godrej Properties reported its highest ever first-quarter presales in July 2024. This supports our favourable view of the real estate cycle in India.

## Outlook

As we approach the end of 2024, Asian stocks have rebounded due to the Fed's rate cut and China's new stimulus. China's measures have been supply-side and monetary focused, and it remains to be seen if the rally in mainland stocks will last. The key will be whether authorities implement fiscal measures to boost demand and revive consumer sentiment. Other areas of focus include rising geopolitical risks in the Middle East, with increased chances of conflict between Iran and Israel. Oil prices have been volatile, and we are closely monitoring the situation. In the US, the presidential race between Donald Trump and Kamala Harris remains tight, with implications for trade, tariffs, and foreign policy in Asia.

In our portfolio, we have tightened quality characteristics, adding names with near-term earnings visibility and steady cash flow, while reducing those with less visible earnings. We maintain our conviction in our holdings and their ability to navigate market crosswinds, given their quality and fundamentals.

We believe Asia is home to some of the highest quality and most dynamic companies globally. The region offers rich opportunities, driven by long-term growth trends like the rising middle class, rapid adoption of emerging technologies, and continued urbanisation, enabling us to deliver sustainable returns over the long term.

## Portfolio of investments (unaudited)

### Investments held at 30 September 2024

Holding	Investment	Market value £	Percentage of total net assets %
	<b>Australia (30/09/23 – 14.85%)</b>		<b>10.27</b>
	<b>Basic Materials (30/09/23 – 4.10%)</b>		
14,949	BHP Billiton	354,098	2.21
	<b>Financials (30/09/23 – 4.36%)</b>		
4,200	Commonwealth Bank of Australia	292,930	1.83
13,700	Goodman	258,762	1.62
116,998	Mirvac Group	129,812	0.81
7,680	National Australia Bank	147,951	0.92
	<b>Healthcare (30/09/23 – 4.44%)</b>		
2,259	CSL	332,013	2.07
	<b>Oil &amp; Gas (30/09/23 – 1.95%)</b>		
10,027	Woodside Energy AUD	130,398	0.81
	<b>Cayman Islands (30/09/23 – 20.75%)</b>		<b>20.40</b>
	<b>Consumer Goods (30/09/23 – 1.20%)</b>		
22,600	Anta Sports Products	204,923	1.28
	<b>Consumer Services (30/09/23 – 1.13%)</b>		
3,800	Trip.com Group	179,142	1.12
	<b>Financials (30/09/23 – 1.12%)</b>		
54,476	China Resources Land	149,652	0.93
	<b>Healthcare (30/09/23 – 1.04%)</b>		
	<b>Industrials (30/09/23 – 0.77%)</b>		
13,000	Silergy	143,030	0.89
	<b>Technology (30/09/23 – 15.49%)</b>		
56,044	Alibaba Group	592,150	3.70
19,300	Meituan Dianping	318,857	1.99
10,450	NetEase	151,065	0.94
1,600	PDD Holdings	161,593	1.01
27,131	Tencent Holdings	1,158,631	7.23
109,200	Tongcheng Travel	209,150	1.31
	<b>China (30/09/23 – 2.30%)</b>		<b>4.89</b>
	<b>Consumer Goods (30/09/23 – 0.64%)</b>		
5,500	BYD	149,929	0.94
34,800	Fuyao Glass Industry Group	174,486	1.09
17,800	Midea Group	126,777	0.79
	<b>Financials (30/09/23 – 0.00%)</b>		
244,000	China Construction Bank	137,809	0.86
176,000	PICC Property & Casualty	194,411	1.21

## Portfolio of investments (unaudited)

### Investments held at 30 September 2024

Holding	Investment	Market value £	Percentage of total net assets %
	<b>Hong Kong (30/09/23 – 6.97%)</b>		<b>4.82</b>
	<b>Consumer Goods (30/09/23 – 0.89%)</b>		
	<b>Financials (30/09/23 – 5.33%)</b>		
86,506	AIA Group	578,732	3.61
	<b>Utilities (30/09/23 – 0.75%)</b>		
64,600	China Resources Gas Group	194,217	1.21
	<b>India (30/09/23 – 14.53%)</b>		<b>20.70</b>
	<b>Basic Materials (30/09/23 – 0.00%)</b>		
7,135	Pidilite Industries	213,395	1.33
	<b>Consumer Goods (30/09/23 – 3.21%)</b>		
5,499	Hindustan Unilever	144,829	0.90
	<b>Consumer Services (30/09/23 – 0.00%)</b>		
27,087	Indian Hotels	165,116	1.03
2,450	Info Edge	176,692	1.10
	<b>Financials (30/09/23 – 6.28%)</b>		
14,013	Cholamandalam Investment and Finance	200,607	1.25
6,905	Godrej Properties	194,317	1.21
20,300	ICICI Bank	230,066	1.44
23,478	SBI Life Insurance Company	385,435	2.41
	<b>Healthcare (30/09/23 – 0.96%)</b>		
30,571	Fortis Healthcare	167,411	1.05
	<b>Industrials (30/09/23 – 1.23%)</b>		
5,168	Havells India	92,613	0.58
7,388	Mahindra & Mahindra	203,565	1.27
1,450	UltraTech Cement	152,353	0.95
	<b>Technology (30/09/23 – 1.39%)</b>		
9,574	Infosys	159,868	1.00
7,914	Tata Consultancy Services	300,746	1.88
	<b>Telecommunications (30/09/23 – 0.00%)</b>		
15,472	Bharti Airtel	235,482	1.47
	<b>Utilities (30/09/23 – 1.46%)</b>		
93,557	Power Grid Corporation of India	293,897	1.83
	<b>Indonesia (30/09/23 – 3.97%)</b>		<b>3.32</b>
	<b>Consumer Services (30/09/23 – 0.00%)</b>		
660,000	Alfamart	102,767	0.64
512,500	Cimory	140,156	0.87

## Portfolio of investments (unaudited)

### Investments held at 30 September 2024

Holding	Investment	Market value £	Percentage of total net assets %
	<b>Financials (30/09/23 – 3.44%)</b>		
530,400	Bank Mandiri	182,293	1.14
	<b>Telecommunications (30/09/23 – 0.53%)</b>		
197,200	Indonesian Satellite	106,644	0.67
	<b>Malaysia (30/09/23 – 0.59%)</b>		<b>1.24</b>
	<b>Financials (30/09/23 – 0.59%)</b>		
136,200	CIMB Group Holdings	198,361	1.24
	<b>Philippines (30/09/23 – 0.02%)</b>		<b>0.60</b>
	<b>Financials (30/09/23 – 0.00%)</b>		
225,000	SM Prime Holdings	96,751	0.60
	<b>Singapore (30/09/23 – 3.70%)</b>		<b>2.48</b>
	<b>Financials (30/09/23 – 3.70%)</b>		
17,950	DBS Group	397,712	2.48
	<b>South Korea (30/09/23 – 10.74%)</b>		<b>11.00</b>
	<b>Basic Materials (30/09/23 – 1.33%)</b>		
	<b>Financials (30/09/23 – 0.00%)</b>		
5,060	Shinhan Financial Group	159,620	1.00
	<b>Healthcare (30/09/23 – 1.16%)</b>		
386	Samsung Biologics	214,352	1.34
	<b>Industrials (30/09/23 – 7.72%)</b>		
1,970	Samsung C&T	154,298	0.96
1,808	Hyundai Heavy Industries	192,170	1.20
1,698	Samsung Electronics	59,355	0.37
24,219	Samsung Electronics Preference	700,679	4.37
	<b>Technology (30/09/23 – 0.53%)</b>		
760	Leeno Industrial	81,643	0.51
2,027	SK Hynix	201,045	1.25
	<b>Taiwan (30/09/23 – 16.15%)</b>		<b>16.36</b>
	<b>Consumer Goods (30/09/23 – 0.21%)</b>		
11,220	Makalot Industrial	92,156	0.57
	<b>Consumer Services (30/09/23 – 0.00%)</b>		
7,070	Poya International	87,354	0.55
	<b>Industrials (30/09/23 – 4.83%)</b>		
21,000	Chroma ATE	184,592	1.15
27,000	Delta Electronics	241,781	1.51
32,000	Hon Hai Precision Industry	141,207	0.88
17,922	Yageo	262,350	1.64



## Portfolio of investments (unaudited)

### Investments held at 30 September 2024

Holding	Investment	Market value £	Percentage of total net assets %
	<b>Technology (30/09/23 – 11.11%)</b>		
10,000	Accton Technology	124,968	0.78
6,299	Globalwafers	67,377	0.42
63,040	Taiwan Semiconductor Manufacturing	1,419,816	8.86
	<b>Thailand (30/09/23 – 0.51%)</b>		<b>1.90</b>
	<b>Consumer Services (30/09/23 – 0.00%)</b>		
46,000	CP ALL	69,821	0.44
	<b>Financials (30/09/23 – 0.51%)</b>		
695,000	WHA	86,969	0.54
	<b>Telecommunications (30/09/23 – 0.00%)</b>		
24,600	Advanced Info	147,646	0.92
	<b>United Kingdom (30/09/23 – 1.52%)</b>		<b>0.55</b>
	<b>Basic Materials (30/09/23 – 1.52%)</b>		
2,300	Freeport Mcmoran	88,091	0.55
	<b>United States (30/09/23 – 1.16%)</b>		<b>1.51</b>
	<b>Consumer Services (30/09/23 – 1.16%)</b>		
4,850	Yum China	170,876	1.06
	<b>Healthcare (30/09/23 – 0.00%)</b>		
4,000	Resmed	71,691	0.45
	<b>Money Markets (30/09/23 – 1.69%)</b>		<b>0.99</b>
£158*	Aberdeen Standard Liquidity Fund (Lux) – Seabury Sterling Class Z-1 +	157,841	0.99
	<b>Portfolio of investments</b>	<u>16,189,292</u>	<u>101.03</u>
	<b>Net other assets</b>	<u>(165,009)</u>	<u>(1.03)</u>
	<b>Net assets</b>	<u>16,024,283</u>	<u>100.00</u>

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

+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.

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## Top ten purchases and sales

For the year ended 30 September 2024

<b>Purchases</b>	<b>Cost £</b>	<b>Sales</b>	<b>Proceeds £</b>
Commonwealth Bank of Australia	304,966	Taiwan Semiconductor Manufacturing	911,176
Tata Consultancy Services	299,153	HDFC Bank	464,559
SK Hynix	263,077	Overseas-Chinese Banking	318,920
ICICI Bank	227,818	Bank Central Asia	310,124
Meituan Dianping	222,364	BHP Billiton	303,711
PICC Property & Casualty	216,735	Cochlear	280,420
Anta Sports Products	200,627	Commonwealth Bank of Australia	276,574
Pidilite Industries	192,317	Maruti Suzuki	262,103
Bank Mandiri	187,516	HK Exchanges & Clearing	244,438
PDD Holdings	185,100	Rio Tinto	224,734
<b>Subtotal</b>	<b>2,299,673</b>	<b>Subtotal</b>	<b>3,596,759</b>
<b>Other purchases</b>	<b>4,622,075</b>	<b>Other sales</b>	<b>4,585,880</b>
<b>Total purchases for the year</b>	<b>6,921,748</b>	<b>Total sales for the year</b>	<b>8,182,639</b>

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# Statistical information

## Comparative Table

	30/09/24	Accumulation 30/09/23	30/09/22
<b>Change in net assets per unit</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per unit	874.52	913.03	1,053.44
Return before operating charges*	112.21	(27.21)	(128.68)
Operating charges	(11.95)	(11.30)	(11.73)
Return after operating charges*	100.26	(38.51)	(140.41)
Distributions on accumulation units	(8.87)	(9.31)	(8.57)
Retained distributions on accumulation units	8.87	9.31	8.57
Closing net asset value per unit	974.78	874.52	913.03
*after direct transaction costs of:	1.19	0.73	0.82

## Performance

Return after charges	11.46%	(4.22%)	(13.33%)
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## Other information

Closing net asset value (£000)	16,024	15,896	19,241
Closing number of units	1,643,891	1,817,668	2,107,407
Operating charges	1.33%	1.22%	1.18%
Direct transaction costs	0.13%	0.08%	0.08%

## Prices<sup>+</sup>

Highest unit price (pence)	1,043.12	1,092.25	1,155.83
Lowest unit price (pence)	829.14	828.59	893.87

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

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# Statistical information

## Investment objective

The PUTM Far Eastern Unit Trust (the 'Fund') aims to provide capital growth by outperforming the MSCI AC Asia Pacific ex Japan Index ("the Index") before fees by 0.5% to 1.5% over any given 3 year period.

## Investment policy

The Fund aims to achieve its objective by investing at least 70% of the portfolio in equities or equity related securities in far eastern markets excluding Japan that are constituents of the Index. The Fund may invest up to 30% in developed Asian companies listed outside of the Index.

The Fund may also invest in convertible stocks, stock exchange listed warrants, depositary receipts, and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the Investment Manager, influenced significantly by the stock market performance of the company's ordinary shares. Not more than 10% in value of the property of any of the Schemes may consist of transferable securities, which are non-approved securities and/or unlisted securities. The Fund may invest in collective investment schemes, money-market instruments, deposits, cash and near cash.

Derivatives will be used for efficient portfolio management 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 research techniques to select individual holdings. The research process is focused on finding high quality companies at attractive valuations that can be held for the long term. The Investment Adviser references the Index, which means that while the Fund is not required to match the weightings of the Index and does not concentrate on any particular sector, 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 A 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 31st March and a final distribution as at 30th September.

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

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# Statistical information

## Risk and reward profile

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

← Typically lower rewards, lower risk			Typically higher rewards, higher risk →			
1	2	3	4	5	6	7

This Fund is ranked at 6 (30/09/23: 6) because funds of this type have experienced high 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:

- 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:

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- 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](http://www.phoenixunittrust.co.uk).

# Annual financial statements

For the year ended 30 September 2024

## Statement of total return

		30/09/24		30/09/23	
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	4		1,735,155		(870,825)
Revenue	5	380,679		434,608	
Expenses	6	(199,424)		(218,784)	
Interest payable and similar charges		(352)		(119)	
Net revenue before taxation		180,903		215,705	
Taxation	7	(260,422)		(25,487)	
Net (expense)/revenue after taxation			(79,519)		190,218
Total return/(deficit) before distributions			1,655,636		(680,607)
Distributions	8		(148,070)		(178,274)
Change in unitholders' funds from investment activities			1,507,566		(858,881)

## Statement of change in unitholders' funds

		30/09/24		30/09/23	
		£	£	£	£
Opening net assets			15,895,821		19,241,227
Amounts receivable on issue of units		592,748		10,501	
Amounts payable on cancellation of units		(2,119,418)		(2,669,309)	
			(1,526,670)		(2,658,808)
Change in unitholders' funds from investment activities			1,507,566		(858,881)
Retained distributions on accumulation units			147,566		172,283
Closing net assets			16,024,283		15,895,821

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# Annual financial statements

As at 30 September 2024

## Balance sheet

	Notes	£	30/09/24	£	30/09/23	£
<b>Assets:</b>						
<b>Fixed assets:</b>						
Investments			16,189,292		15,808,772	
<b>Current assets:</b>						
Debtors	9	33,834		70,540		
Cash and bank balances	10	37,216		159,846		
Total current assets			<u>71,050</u>		<u>230,386</u>	
Total assets			16,260,342		16,039,158	
<b>Liabilities:</b>						
<b>Creditors:</b>						
Provision for liabilities	11	(181,383)		–		
Other creditors	12	(54,676)		(143,337)		
Total liabilities			(236,059)		(143,337)	
Net assets			<u>16,024,283</u>		<u>15,895,821</u>	
Unitholders' funds			<u>16,024,283</u>		<u>15,895,821</u>	

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# Notes to the financial statements

## Note 1 Accounting policies

### (a) Basis of preparation

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in compliance with Financial Reporting Standard (FRS 102) and in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of UK Authorised Funds issued by The Investment Association ('IA') in May 2014, and as amended in June 2017.

These financial statements are prepared on a going concern basis. The Manager has made an assessment of the Fund's ability to continue as a going concern, and is satisfied it has the resources to continue in business for the foreseeable future and is not aware of any material uncertainties that may cast significant doubt on this assessment. This assessment is made for a period of 12 months from when the financial statements are authorised for issue and considers liquidity, 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 12 noon on 30 September 2024, the last valuation point in the accounting year, in accordance with the Trust Deed.

### (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 12 noon on 30 September 2024, the last valuation point in the accounting year.

### (d) Revenue

Dividends receivable from equity investments are credited to revenue when they are first quoted ex-dividend. Interest receivable on bank Deposits is accounted for on a receipts basis and money market funds is accounted for on an accruals basis.

### (e) Special dividends

Special dividends are treated either as revenue or repayments of capital depending on the facts of each particular case. It is likely that where the receipt of a special dividend results in a significant reduction in the capital value of the holding, then the special dividend should be treated as capital in nature so as to ensure the matching principle is applied to gains and losses. Otherwise, the special dividend should be treated as revenue.

### (f) Expenses

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

### (g) Taxation

The charge for taxation is based on taxable income for the year less allowable expenses. UK dividends and franked distributions from UK collective investment schemes are disclosed net of any related tax credit.

Overseas dividends, unfranked distributions from UK collective investment schemes, and distributions from overseas collective investment schemes are disclosed gross of any tax suffered, the tax element being separately disclosed in the taxation note.



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# Notes to the financial statements

## Note 1 Accounting policies (continued)

### (h) 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 not more than 60% invested in qualifying investments (as defined by SI 2006/964, Reg 20) and will pay a dividend distribution.

### (b) Unclaimed distributions

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

### (c) Apportionment to multiple unit classes

With the exception of the Manager's periodic charge, the allocation of revenue and expenses to each unit class is based upon the proportion of the Fund's assets attributable to each unit class on the day the revenue is earned or the expense is suffered. The Manager's periodic charge is specific to each unit class. Tax will be allocated between the unit classes according to income. Consequently, the revenue available to distribute for each unit class will differ.

### (d) Special dividends

It is the policy of the Fund, where applicable, to distribute special dividends which have been treated as revenue.

## 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 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.

### (b) Interest rate risk

Changes in interest rates or changes in expectation of future interest rates may result in an increase or decrease in the market value of investments held.

The majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date.

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

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# Notes to the financial statements

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

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

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

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

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

The Fund's assets are comprised of mainly readily realisable securities. If insufficient cash is available to finance 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) 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.

### **(f) 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.

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## Notes to the financial statements

### Note 4 Net capital gains/(losses)

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

	30/09/24	30/09/23
	£	£
Gains/(losses) on non-derivative securities	1,751,754	(845,534)
Currency losses	(15,276)	(19,618)
Handling charges	(5,538)	(5,673)
Capital special dividends	4,215	–
Net capital gains/(losses)	<u>1,735,155</u>	<u>(870,825)</u>

### Note 5 Revenue

	30/09/24	30/09/23
	£	£
UK dividends	12,560	12,530
Overseas dividends	354,416	415,939
Bank interest	113	74
Liquidity interest	13,590	6,065
Total revenue	<u>380,679</u>	<u>434,608</u>

### Note 6 Expenses

	30/09/24	30/09/23
	£	£
(a) Payable to the Manager or associates of the Manager and agents of either of them: Manager's periodic charge	<u>155,071</u>	<u>185,151</u>
(b) Payable to the Trustee or associates of the Trustee and agents of either of them: Trustee's fees	<u>812</u>	<u>894</u>
(c) Other expenses: Audit fee	12,593	7,722
Safe custody charges	3,383	6,280
Printing & stationery	890	890
Revenue collection expenses	–	109
Professional fees	26,675	17,738
	<u>43,541</u>	<u>32,739</u>
Total expenses	<u>199,424</u>	<u>218,784</u>

## Notes to the financial statements

<b>Note 7 Taxation</b>	30/09/24 £	30/09/23 £
(a) Analysis of tax charge for the year		
Overseas withholding tax	37,049	37,431
Windfall overseas tax previously written off	(4,217)	–
Overseas capital gains tax	46,207	29,823
Total taxation (Note 7(b))	<u>79,039</u>	<u>67,254</u>
Deferred tax (Note 7(c))	<u>181,383</u>	<u>(41,767)</u>
Total taxation	<u>260,422</u>	<u>25,487</u>

(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	<u>180,903</u>	<u>215,705</u>
Corporation tax at 20% (30/09/23: 20%)	36,181	43,141
Effects of:		
Revenue not subject to taxation	(72,923)	(85,053)
Overseas withholding tax	37,049	37,431
Windfall overseas tax previously written off	(4,217)	–
Excess management expenses unutilised	36,809	41,980
Tax relief on overseas tax suffered	(67)	(68)
Overseas capital gains tax	<u>227,590</u>	<u>(11,944)</u>
Total tax charge for the year (Note 7(a))	<u>260,422</u>	<u>25,487</u>

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

(c) Provision for deferred taxation

	30/09/24 £	30/09/23 £
Provision at start of the year	–	41,767
Deferred tax charge/(credit) in year (Note 7 (a))	<u>181,383</u>	<u>(41,767)</u>
Provision at end of the year	<u>181,383</u>	–

While Authorised Unit Trusts are exempt from tax on Capital Gains in the UK, this is not the case for certain overseas domiciles. As such, the Manager has determined there is a potential future liability for capital gains tax on Indian Securities, and therefore a provision for deferred tax has been made at the year end of £181,383 (30/09/23: nil).

At 30 September 2024 the Fund had a potential deferred tax asset of £811,880 (30/09/23: £775,071) in relation to surplus management expenses of £4,059,403 (30/09/23: £3,875,357). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, 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	30/09/23
	£	£
Interim	43,623	33,073
Final	<u>103,943</u>	<u>139,210</u>
	147,566	172,283
Amounts deducted on cancellation of units	1,957	5,991
Amounts added on issue of units	<u>(1,453)</u>	<u>–</u>
Net distribution for the year	<u>148,070</u>	<u>178,274</u>
Net (expense)/revenue after taxation	(79,519)	190,218
Capital tax balances	227,590	(11,944)
Movement in undistributed revenue	<u>(1)</u>	<u>–</u>
Net distribution for the year	<u>148,070</u>	<u>178,274</u>

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

## Note 9 Debtors

	30/09/24	30/09/23
	£	£
Sales awaiting settlement	–	47,038
Accrued income	<u>33,834</u>	<u>23,502</u>
Total debtors	<u>33,834</u>	<u>70,540</u>

## Note 10 Cash and bank balances

	30/09/24	30/09/23
	£	£
Cash and bank balances	<u>37,216</u>	<u>159,846</u>
Total cash and bank balances	<u>37,216</u>	<u>159,846</u>

## Note 11 Provision for liabilities

	30/09/24	30/09/23
	£	£
Deferred tax payable	<u>181,383</u>	<u>–</u>
Total provision for liabilities	<u>181,383</u>	<u>–</u>

## Note 12 Other creditors

	30/09/24	30/09/23
	£	£
Cancellations awaiting settlement	–	84,800
Purchases awaiting settlement	–	11,432
Manager's periodic charge payable	40,300	27,453
Trustee's fees payable	249	134
Safe custody charges payable	933	6,340
Audit fee payable	12,000	7,505
Handling charges payable	<u>1,194</u>	<u>5,673</u>
Total other creditors	<u>54,676</u>	<u>143,337</u>

## Note 13 Reconciliation of units

	Accumulation
Opening units issued at 01/10/23	1,817,668
Unit movements in year:	
Units issued	65,991
Units cancelled	<u>(239,768)</u>
Closing units at 30/09/24	<u>1,643,891</u>

# Notes to the financial statements

## 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 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 99.70% of the units in Class 'A' Accumulation at the year end (30/09/23: 99.66%).

The Manager's periodic charge paid to the Manager, Phoenix Unit Trust Managers Limited or its associates are shown in Note 6(a) and details of the units issued and cancelled by the Manager are shown in the Statement of change in net assets attributable to 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 11.

## Note 16 Financial instruments

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

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

### Counterparty exposure

There was no counterparty exposure from derivatives at the year end (2023: nil).

### Currency exposure

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

Currency	Net currency assets/(liabilities) 30/09/24			Net currency assets/(liabilities) 30/09/23		
	Monetary exposure	Non- monetary exposure	Total exposure	Monetary exposure	Non- monetary exposure	Total exposure
	£	£	£	£	£	£
Sterling	(16,316)	157,841	141,525	(82,526)	509,582	427,056
Australian Dollar	2,155	1,717,654	1,719,809	5,788	2,360,586	2,366,374
Hong Kong Dollar	1,146	4,690,806	4,691,952	51,592	4,663,402	4,714,994
Indian Rupee	(177,411)	3,316,392	3,138,981	3,606	2,310,097	2,313,703
Korean Won	1	1,763,163	1,763,164	1	1,706,651	1,706,652
Singapore Dollar	-	397,712	397,712	22,527	588,814	611,341
Taiwan Dollar	9,113	2,764,630	2,773,743	8,564	2,690,825	2,699,389
Indonesian Rupiah	-	531,860	531,860	4,085	631,866	635,951
US Dollar	14,891	249,685	264,576	70,373	169,030	239,403
Other foreign currencies*	1,412	599,549	600,961	3,039	177,919	180,958
	(165,009)	16,189,292	16,024,283	87,049	15,808,772	15,895,821

\* foreign currencies included within 'other foreign currencies' above amounts to less than 10% (30/09/23: less than 10%) of the net asset value of the Fund.

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.

# Notes to the financial statements

## Note 16 Financial instruments (continued)

### Interest profile

At the year end date, 1.22% (30/09/23: 2.69%) of the Fund's net assets by value were interest bearing.

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

### Sensitivity analysis

#### Interest rate risk sensitivity

As the majority of the Fund's financial assets are non-interest bearing, the Fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates and therefore, no sensitivity analysis has been provided.

#### 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 £794,138 (30/09/23: £773,438). 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 £809,465 (30/09/23: £790,439). A five percent decrease would have an equal and opposite effect.

## Note 17 Fair value of investments

The fair value of the Fund's investments has been determined using the hierarchy below.

This complies with the 'Amendments to FRS 102 - Fair value hierarchy disclosures' issued by the Financial Reporting Council in September 2024.

- 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
<b>Investment assets</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Equities	16,031,451	–	–	16,031,451
Money markets	157,841	–	–	157,841
	16,189,292	–	–	16,189,292

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

Level	1	2	3	Total
<b>Investment assets</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Equities	15,540,708	–	–	15,540,708
Money markets	268,064	–	–	268,064
	15,808,772	–	–	15,808,772

# Notes to the financial statements

## Note 18 Portfolio transaction costs

For the year ended 30/09/24

	Value £	Commission £	%	Taxes £	%	Other expenses £	%	Total costs £
<b>Analysis of total purchases costs</b>								
Equity transactions	6,913,672	3,325	0.05	3,962	0.06	494	0.01	6,921,453
Corporate actions	8,555	–	–	–	–	–	–	8,555
<b>Total</b>	<b>6,922,227</b>	<b>3,325</b>		<b>3,962</b>		<b>494</b>		<b>6,930,008</b>

	Value £	Commission £	%	Taxes £	%	Other expenses £	%	Total costs £
<b>Analysis of total sales costs</b>								
Equity transactions	8,194,261	2,452	0.03	9,501	0.12	626	0.01	8,181,682
Corporate actions	957	–	–	–	–	–	–	957
<b>Total</b>	<b>8,195,218</b>	<b>2,452</b>		<b>9,501</b>		<b>626</b>		<b>8,182,639</b>

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

Commission	0.04%
Taxes	0.08%
Other expenses	0.01%

For the year ended 30/09/23

	Value £	Commission £	%	Taxes £	%	Other expenses £	%	Total costs £
<b>Analysis of total purchases costs</b>								
Equity transactions	3,716,000	1,575	0.04	2,800	0.08	179	–	3,720,554
Money markets	3,907,941	–	–	–	–	–	–	3,907,941
Corporate actions	4,626	–	–	–	–	–	–	4,626
<b>Total</b>	<b>7,628,567</b>	<b>1,575</b>		<b>2,800</b>		<b>179</b>		<b>7,633,121</b>

	Value £	Commission £	%	Taxes £	%	Other expenses £	%	Total costs £
<b>Analysis of total sales costs</b>								
Equity transactions	6,483,943	(1,990)	(0.03)	(7,597)	(0.12)	(452)	(0.01)	6,473,904
Money markets	3,771,931	–	–	–	–	–	–	3,771,931
Corporate actions	402	–	–	–	–	–	–	402
<b>Total</b>	<b>10,256,276</b>	<b>(1,990)</b>		<b>(7,597)</b>		<b>(452)</b>		<b>10,246,237</b>

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

Commission	0.02%
Taxes	0.06%
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 0.19% (30/09/23: 0.20%) being the difference between the respective bid and offer prices for the Fund's investments.



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## Distribution tables

For the year ended 30 September 2024

### 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

	Net income	Equalisation	2024 pence per unit paid 31 May	2023 pence per unit paid 31 May
<b>Accumulation</b>				
Group 1	2.5438	–	2.5438	1.6508
Group 2	2.5438	0.0000	2.5438	1.6508

### 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

	Net income	Equalisation	2024 pence per unit payable 29 Nov	2023 pence per unit paid 30 Nov
<b>Accumulation</b>				
Group 1	6.3230	–	6.3230	7.6587
Group 2	1.2274	5.0956	6.3230	7.6587

### Equalisation

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

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## Responsibilities of the manager and the trustee

- a) The 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 financial 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 Far Eastern Unit Trust must ensure that the Trust is managed in accordance with the Financial Conduct Authority’s Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together “the Regulations”), the Trust Deed and Prospectus (together “the Scheme documents”) as detailed below.

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

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

The Depositary must ensure that:

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

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

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## Trustee's report and directors' statement

### **Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the PUTM Far Eastern Unit Trust of the PUTM 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

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# Independent auditor's report to the unitholders of the PUTM Far Eastern Unit Trust

## Opinion

We have audited the financial statements of the PUTM Far Eastern Unit Trust 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 14 to 15.

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 expense and the net capital gains on the property of the Fund for the year then ended;
- 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

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# Independent auditor's report to the unitholders of the PUTM Far Eastern Unit Trust

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.

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

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# Independent auditor's report to the unitholders of the PUTM Far Eastern Unit Trust

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

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following 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 24, 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](http://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

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## Corporate information (unaudited)

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

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

Unit prices appear daily on our website [www.phoenixunittrust.co.uk](http://www.phoenixunittrust.co.uk).

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

### Remuneration

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

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

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

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

Further information on the Group Remuneration Policy can be found in the Group annual reports and accounts which can be found on [www.phoenixgroup.com](http://www.phoenixgroup.com).

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

### As at 31 December 2023

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

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

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

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## Corporate information (unaudited)

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

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

Total remuneration can include any of the following;

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

Senior Management includes – PUTM Board and PUTM Executive Committees.

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

### Assessment of Value

We are required to perform an annual assessment of the value for money for each unit class of PUTM Far Eastern Unit Trust. 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 are generally comfortable that the Fund meets most of the required Assessment of Value criteria. However, the Fund is not meeting its target outperformance of the benchmark index. PUTM will continue to monitor the Fund's performance and may take action, if required, which could involve change of investment strategy or investment manager.

Further details of the Assessment of Value can be found at the following link:

<https://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.



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## 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.

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## Notes



Contact: **Client Services**

Call: **0345 584 2803**

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

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

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

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

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

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

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