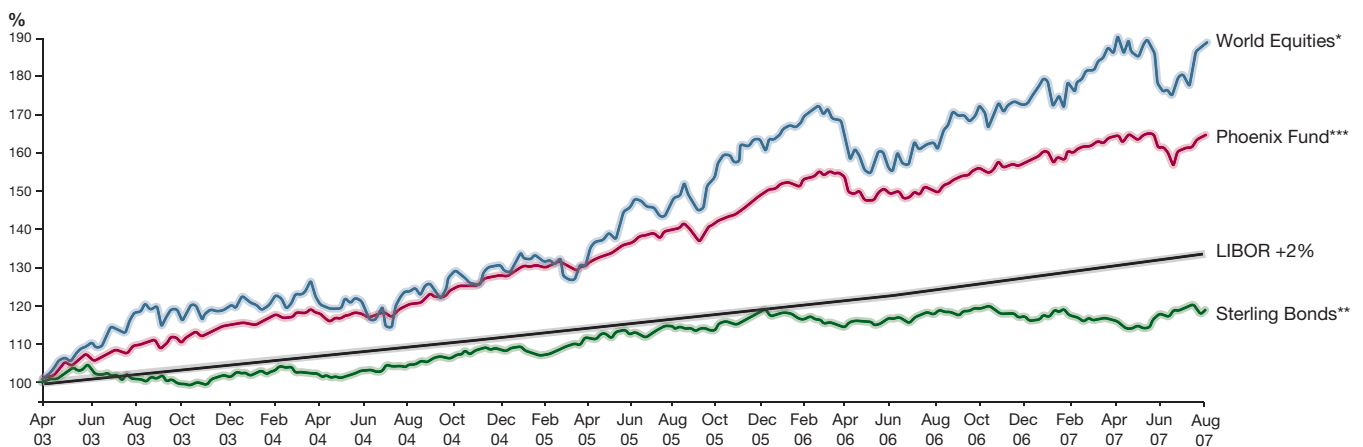


Aim

The Phoenix Fund's aim is to achieve long-term growth with low volatility, through a widely diversified portfolio.

Performance



	2007 YTD	2006	2005	2004	2003†	Since Restyle†
Phoenix Fund***	4.8%	7.1%	15.1%	10.5%	14.9%	63.9%
Benchmark (LIBOR + 2% per annum)	5.9%	7.0%	6.9%	6.6%	4.0%	34.2%
World Equities*	9.0%	6.5%	24.5%	8.2%	20.0%	87.8%
Sterling Bonds**	0.9%	0.7%	7.9%	6.6%	1.8%	19.0%

Fund size as at 30 September 2007 **£118.7m** Dividend yield as at 30 September 2007 **1.8%**

Analysis of Volatility of Return – Since Restyle (11 April 2003)

	Phoenix Fund (since restyle)†	World Equities*	Sterling Bonds**
Risk adjusted return (Sharpe ratio)	1.4	0.9	-0.2
Annualised volatility	5.0%	11.5%	4.2%
Percentage of positive weeks	68%	57%	56%
Largest loss (peak to trough)	-6.1%	-12.3%	-5.3%

* **World Equities:** FTSE World (Total Return Index) – price at close

** **Sterling Bonds:** FTA Government All Stocks (Total Return Index) – price at close † Since 11 April 2003 (date of restyle)

*****Phoenix Fund:** Bid to bid – 12 noon pricing. Performance of Phoenix A Income Units (annual management charge 1.25%) from 11 April 2003 to 31 March 2006. Performance of Phoenix B Income Units (annual management charge 0.8%) from 31st March 2006 to date.

Discrete Past Performance – Percentage Change

	30/09/06 – 30/09/07	30/09/05 – 30/09/06	30/09/04 – 30/09/05	30/09/03 – 30/09/04	30/09/02 – 30/09/03
Phoenix Fund*	8.5%*	7.0%*	16.5%	11.0%	19.6% [^]

[^] Performance prior to 11 April 2003 reflects the performance of the Phoenix Fund's holdings prior to restyle

* On 14 March 2006, a 'B' Share Class was created. The performance we record after 31 March 2006 is that of the 'B' Share Class. Prior to this date, we record the performance of the 'A' Share Class.

Source of performance information: Lipper as at 30 September 2007, total return, net of fees, without initial charges, income reinvested net of tax. Figures are based on sterling returns.

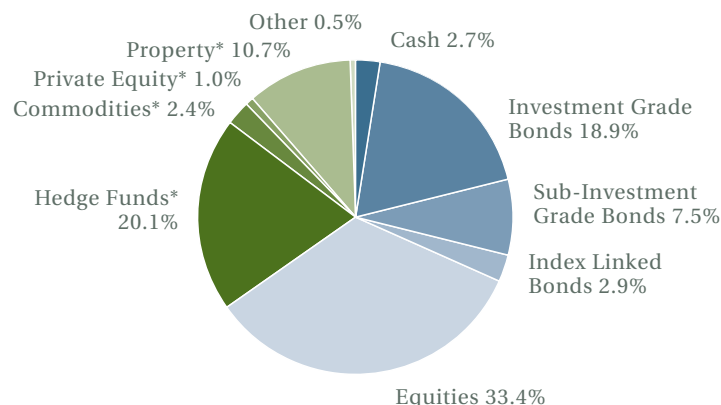
Source of analysis of volatility of return: Newton, 30 September 2007.

Important performance information & risk factors

Past performance is not a guide to future returns. The value of investments and the income from them can fall as well as rise and investors may not get back the original amount invested. The value of overseas securities will be influenced by fluctuations in exchange rates. Part of the Fund may be invested in sub-investment grade bonds that typically have a low credit rating and carry a high degree of default risk, which can affect the capital value of your investment. As the Fund has exposure to hedge funds, gold, private equity and property via publicly quoted transferable securities, there are additional risks associated with these sectors.

Approximate asset allocation at 30 September 2007

Asset class exposure



Source: Newton as at 30 September 2007. Figures are subject to rounding differences. * Exposure via publicly quoted securities

Investment Themes

The identification of global themes is a key component in our investment strategy. Some of the themes that we are currently following in this portfolio are illustrated here as well as examples of individual holdings.

Population Dynamics

A nation's demographic profile has profound implications for its ongoing economic development influencing its patterns of growth, consumption and savings, fiscal policy, healthcare regimes and competitive advantage. Industrialised economies have broadly ageing populations while some developing economies have significantly different profiles.

Beneficiaries: Allianz, GlaxoSmithKline, Medtronic, Novartis, Smith & Nephew

Global Realignment

Stronger growth and increasing economic influence of the developing world is challenging the western industrialised nations' domination in terms of wealth, consumption of both natural resources and finished goods and market capitalisation of global stock markets. Some realignment over time is inevitable reflecting the developing world's accumulation of foreign exchange reserves and trade surpluses.

Beneficiaries: BHP Billiton, CVRD, K&S, Panalpina, Xstrata

Risk factors

Past performance is not a guide to future returns. The value of investments and the income from them can fall as well as rise and investors may not get back the original amount invested. The value of overseas securities will be influenced by fluctuations in exchange rates. Part of the Fund may be invested in sub-investment grade bonds that typically have a low credit rating and carry a high degree of default risk, which can affect the capital value of your investment. As the Fund has exposure to hedge funds, gold, private equity and property via publicly quoted transferable securities, there are additional risks associated with these sectors.

Your attention is drawn to the fee changes detailed in the performance tables on the previous page.

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