

Suntera Sterling Roll-Up Fund PLC
(formerly SMP Sterling Roll-Up Fund PLC)

**Annual Report
&
Audited Financial Statements**

**for the year ended
31 August 2021**

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

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Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

General Information

Directors

W J Clarke* (Chairman)

G M Easton*

R K Corkill

S W Bowden

* denotes Non-executive Director

Registered office:

Clinch's House

Lord Street

Douglas

Isle of Man IM99 1RZ

British Isles

Company Secretary

R K Corkill

Manager and Registrar

Suntera Fund Services (IOM) Limited

Clinch's House

Lord Street

Douglas

Isle of Man IM99 1RZ

British Isles

Auditor

PricewaterhouseCoopers LLC

Sixty Circular Road

Douglas

Isle of Man

IM1 1SA

British Isles

Investment Manager

Aberdeen Asset Managers Limited

10 Queen's Terrace

Aberdeen

AB10 1YG

British Isles

Fiduciary Custodian

Apex Financial Services (Corporate) Limited

12 Castle Street

St Helier

Jersey JE2 3RT

British Isles

Suntera Sterling Roll-Up Fund PLC

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Manager's Report

Introduction

As detailed in the previous section entitled 'General Information', Suntera Sterling Roll-Up Fund PLC (the "Fund") is managed by Suntera Fund Services (IOM) Limited (the "Manager") and the investment manager is Aberdeen Asset Managers Limited (the "Investment Manager"). That section also details the Directors, the Company Secretary, the Fiduciary Custodian and the Auditor.

The Fund is an Authorised Scheme for the purposes of the Collective Investment Schemes Act 2008. The Fund is established as an open-ended investment company and is managed in the Isle of Man under the Companies Acts 1931 to 2004 and in accordance with the Authorised Collective Investment Schemes Regulations 2010 (the "Regulations"). The Fund has elected to be a type A scheme for the purpose of the Regulations. In accordance with the Regulations, the Fund complies with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014 (the "SORP") and includes the portfolio statement as part of the Manager's report. The Fund was originally established and authorised on 28 January

The term 'roll-up fund' from which the Fund's name is derived, describes a fund which retains its income and gains within the fund in order to enhance the capital value of the fund and hence is reflected in the share price. Therefore no dividends are paid to shareholders. Roll-up funds can have considerable administrative advantages to investors who do not require a regular income from their investments and prefer to accumulate income within their investment without the need to re-invest dividends.

Important information

The Annual Report & Audited Financial Statements for the year ended 31 August 2021 (together with the Abbreviated Annual Report for the year ended 31 August 2021 that has been sent to all registered shareholders) may be viewed on our website - www.suntera.com and are available for inspection at the registered office of the Fund. The website also provides daily pricing information for the Fund.

If shareholders have any questions regarding the Fund please contact our Shareholder Services Team on 01624 682224 - or by email to fund.services@suntera.com.

Investment objective, policy and strategy

The purpose of the Fund is to provide investors with a high return, before taxation, from a managed portfolio of fixed-interest securities, denominated in sterling, with all income being accumulated in the price of shares.

Investment Manager's overview for the year ended 31 August 2021

Market review

Corporate bond returns were positive over the period. Investment-grade corporate bonds started the period under pressure, faced with the double effect of Covid-19 and weak oil prices. However, since then, there has been a broad recovery. Moreover, the major central banks all purchased corporate bonds through their stimulus programmes.

Corporate bonds struggled slightly in September and October 2020 as investors sold out of riskier debt, concerned about the potential for rising defaults amid uncertainty from rising Covid-19 cases and the US election. November saw the upward trend resume on positive news flow stemming from vaccine breakthroughs and a likely Biden presidency (that later materialised). This extended into the end of 2020, driven by vaccine optimism, the Brexit trade deal agreement and US stimulus package.

Rising US Treasury yields at the beginning of 2021 affected most financial markets. However, corporate bonds managed to weather the storm somewhat. As government bond yields stabilised, this positive performance continued into the end of the period, even as the US Federal Reserve said it would begin offloading corporate bonds bought through its pandemic support plan.

Performance and activity of the Fund

Over the 12-month period, the Fund outperformed the benchmark. This was mostly due to positive security selection – particularly in banking, retail and transportation. Meanwhile, asset allocation also contributed slightly, as the overweighting of real estate, Tier-1 debt and insurance more than offset the negative contribution from the underweighting of financial services, government-related debt and lower Tier-2 debt. With regard to stock selection, exposure to Virgin Money (lower Tier-2 and banking), CPUK Finance and Next Group (retail), Stagecoach Group (transport) and Quadgas (the ultimate owner of British Gas) boosted performance. Conversely, Channel Link Enterprises and Réseau Ferré de France (transport) and Digital Stout (real estate), largely detracted.

Regarding activity, we sold Tritax Big Box REIT at the start of the review period, believing that its strong performance during the Covid-19 pandemic had left it looking expensive. We replaced it with positions in HSBC Tier-2 bonds at the longer end, and also bought a new issue by Virgin Money. Looking to recycle low-yielding assets into better-value new issues, we sold the Fund's position in the Commonwealth Bank of Australia and reinvested into Verizon Communications.

We initiated several trades in the insurance sector throughout the review period. We purchased new issues from US-based insurer Athene – extending their maturity at a later stage for a modest increase in yield – and added to our position in Aviva. After the new year, we also sold out of the Australian insurer QBE, after a strong run from the bonds left it expensive, versus other insurance groups. We also started to sell down the Fund's exposure to the French insurer AXA.

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

Manager's Report (continued)

Investment Manager's overview for the year ended 31 August 2021 (continued)

Performance and activity of the Fund (continued)

In December, we participated in a new issue from the industrial group Toyota. We funded December purchases by selling Yorkshire Energy bond, which was expensive in the Fund and had performed well. We ended the year by adjusting duration lower with a gilt sale, in anticipation of rising yields in the UK.

After the new year, we purchased new issues from BNP Paribas. In March, the Fund suffered a significant redemption from its largest shareholder RL360 Life Insurance Company Limited which necessitated the sale of approximately 35.9% of the Fund's portfolio. It should be noted that the cost of this was borne by the exiting shareholder receiving the bid price for the Fund. In May, we sold the position in DS Smith, the paper and packaging group. This was after decent performance from the group over the last couple of years left it looking rich in credit markets. We later sold our position in Quadgas. The move to reduce carbon in the home heating market in the UK over the next few decades will be very expensive, and it is not clear where that expense will ultimately lie. In the meantime, the bonds had performed well, but did not reflect the risks we saw from this transition. Finally, we sold positions in British Land after a recovery rally in the bonds took the level well through the end of 2019 spread levels. This left bonds offering limited value compared with our assessment of the business.

Outlook*

Unsurprisingly, investment-grade credit remains far from cheap at current levels. With lower carry available and greater scope for monetary policy action and/or policy error, investment-grade markets feel more fragile than they have done for some time. Overall fundamentals remain constructive, although idiosyncratic risks have picked up due to both Covid-19 and merger and acquisition events. It appears prudent to pare back exposures in the near term, although the technical backdrop remains a pillar of support.

**Investment markets and conditions can change rapidly and as such, the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.*

Shareholders' liability

The shareholders are only liable for the debts of the Fund to the extent of their investment.

Shares in issue

The total number of participating redeemable preference shares in issue at the beginning and at the end of the year under review were:

| | |
|----------------|-----------|
| 31 August 2020 | 3,855,492 |
| 31 August 2021 | 2,306,557 |

Value per share

The mid-market value per share at the beginning and the end of the year under review was:

| | |
|----------------|---------|
| 31 August 2020 | 443.33p |
| 31 August 2021 | 450.73p |

Portfolio statement

Portfolio details are shown on pages 5 and 6.

Future of the Fund

Since a significant shareholder redemption in March 2021 the increased percentage of ongoing fixed costs are detracting from investment returns. The Manager, working closely with the Fund Board, Investment Manager and Fiduciary Custodian, has tried to identify new sources of investment into the Fund and explore alternative options to secure its future. On the basis the Directors of the Fund are of the opinion, that in the likely event of no viable solution being identified, the Fund would close, it is the Manager's expectation that the Fund would be closed within 12 months of these financial statements. An update will be provided to shareholders in due course.

S W Bowden
Director

Suntera Fund Services (IOM) Limited

16 December 2021

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

Comparative Table

| | 2021 | 2020 | 2019 |
|--|---------------|---------------|---------------|
| | p | p | p |
| Change in net asset value per share | | | |
| Opening net asset value per share | 443.33 | 433.91 | 398.76 |
| Return before operating charges* | 13.33 | 14.30 | 39.21 |
| Operating charges | (5.93) | (4.88) | (4.06) |
| Return after operating charges* | 7.40 | 9.42 | 35.15 |
| Distributions on preference shares | - | - | - |
| Closing net asset value per share | 450.73 | 443.33 | 433.91 |
| *after direct transaction costs of | 0.05 | 0.04 | 0.03 |

Performance

| | | | |
|----------------------|-------|-------|-------|
| Return after charges | 1.67% | 2.17% | 8.81% |
|----------------------|-------|-------|-------|

Other information

| | | | |
|--------------------------|--------------|--------------|--------------|
| Closing net asset value | £ 10,396,325 | £ 17,092,547 | £ 18,770,742 |
| Closing number of shares | 2,306,557 | 3,855,492 | 4,325,991 |
| Operating charges | 1.32% | 1.13% | 0.98% |
| Direct transaction costs | 0.010% | 0.008% | 0.008% |

Additional comparative table disclosures required by the Authorised Collective Investment Schemes Regulations 2010:

Performance record for the year ended

| | Highest share price | Lowest share price | Net allocation per share* |
|----------------|------------------------|-----------------------|------------------------------|
| | p | p | p |
| 31 August 2017 | 429.66 | 379.16 | (2.81) |
| 31 August 2018 | 430.02 | 392.54 | (6.47) |
| 31 August 2019 | 434.11 | 390.59 | 34.04 |
| 31 August 2020 | 448.14 | 391.66 | 8.51 |
| 31 August 2021 | 461.12 | 436.29 | 5.04 |

*Net allocation per share is based on average shares in issue during the year.

Ongoing charges figure ("OCF") for the year ended

| | OCF* |
|----------------|-------|
| | % |
| 31 August 2019 | 0.98% |
| 31 August 2020 | 1.13% |
| 31 August 2021 | 1.32% |

*The OCF is the total expenses paid by the Fund in the year expressed as a percentage of the Fund's average net asset value.

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

Portfolio Statement

| | Quantity 31.08.2021 | Valuation £ | % of Fund's property |
|---------------------------------------|------------------------|------------------|---------------------------|
| Government Bonds | | | |
| United Kingdom Gilt 0.875% 22/10/2029 | 93,000 | 95,682 | 0.93% |
| United Kingdom Gilt 0.125% 31/01/2024 | 66,000 | 65,900 | 0.64% |
| United Kingdom Gilt 1.625% 22/10/2071 | 236,000 | 316,561 | 3.07% |
| United Kingdom Gilt 4.25% 07/03/2036 | 270,000 | 396,065 | 3.84% |
| United Kingdom Gilt 4.75% 07/12/2030 | 450,000 | 619,522 | 6.01% |
| Total Government Bonds | | 1,493,730 | 14.49% |
| | | | (As at 31.08.2020: 4.91%) |

Corporate Bonds

| | | | |
|---|---------|---------|-------|
| Athene Global Funding 1.875% 30/11/2028 | 200,000 | 202,922 | 1.97% |
| Aviva PLC 6.875% 20/05/2058 | 50,000 | 81,374 | 0.79% |
| AXA SA 6.686% Perp | 100,000 | 123,314 | 1.20% |
| Bank of America Corp 2.3% 25/07/2025 | 100,000 | 105,656 | 1.03% |
| Bank of America Corp 7% 31/07/2028 | 100,000 | 137,712 | 1.34% |
| Barclays PLC 2.375% 06/10/2023 | 100,000 | 101,873 | 0.99% |
| Barclays PLC 3% 08/05/2026 | 107,000 | 114,990 | 1.12% |
| BAT International Finance PLC 4% 04/09/2026 | 100,000 | 111,137 | 1.08% |
| BAT International Finance PLC 6% 24/11/2034 | 50,000 | 66,655 | 0.65% |
| Berkshire Hathaway Finance 2.375% 19/06/2039 | 100,000 | 111,220 | 1.08% |
| BG Energy Capital PLC 5% 04/11/2036 | 110,000 | 156,762 | 1.52% |
| BHP Billiton Finance Ltd 6.5% 22/10/2077 | 100,000 | 106,440 | 1.03% |
| BP Capital Markets PLC 4.25% Perp | 100,000 | 107,382 | 1.04% |
| British Telecommunication 6.375% 23/06/2037 | 50,000 | 75,104 | 0.73% |
| BUPA Finance PLC 2% 05/04/2024 | 100,000 | 103,305 | 1.00% |
| Catalyst Housing Ltd 3.125% 31/10/2047 | 100,000 | 124,888 | 1.21% |
| Centrica PLC 7% 19/09/2033 | 50,000 | 77,260 | 0.75% |
| Channel Link Enterprises Finance PLC 3.043% 30/06/2050 | 100,000 | 102,648 | 1.00% |
| Cie de Saint-Gobain 5.625% 15/11/2024 | 100,000 | 115,423 | 1.12% |
| Circle Anglia Social Housing PLC 7.25% 12/11/2038 | 50,000 | 91,129 | 0.88% |
| Citigroup Inc 1.75% 23/10/2026 | 100,000 | 102,838 | 1.00% |
| Comcast Corp 1.875% 20/02/2036 | 100,000 | 101,604 | 0.99% |
| Connect Plus Issuer 2.607% 31/03/2039 | 100,000 | 105,647 | 1.03% |
| CPUK Finance Ltd 3.69% 28/08/2028 | 100,000 | 112,175 | 1.09% |
| Credit Suisse Group AG 2.25% 09/06/2028 | 100,000 | 103,277 | 1.00% |
| Danske Bank 2.25% 14/01/2028 | 100,000 | 103,339 | 1.00% |
| Digital Stout Holding LLC 3.75% 17/10/2030 | 128,000 | 148,531 | 1.44% |
| E.ON International Finance BV 5.875% 30/10/2037 | 50,000 | 75,581 | 0.73% |
| Eastern Power Networks PLC 6.25% 12/11/2036 | 90,000 | 144,481 | 1.40% |
| Electricite de France SA 5.5% 17/10/2041 | 100,000 | 153,037 | 1.49% |
| Enel Finance International NV 5.75% 14/09/2040 | 50,000 | 77,965 | 0.76% |
| Enel SpA 5.75% 22/06/2037 | 50,000 | 74,413 | 0.72% |
| Eversholt Funding PLC 2.742% 30/06/2040 | 100,000 | 103,772 | 1.01% |
| Fidelity National Information Services Inc 2.25% 03/12/2029 | 150,000 | 158,284 | 1.54% |
| GlaxoSmithKline Capital PLC 5.25% 10/04/2042 | 60,000 | 95,954 | 0.93% |
| Grainger PLC 3% 03/07/2030 | 100,000 | 107,020 | 1.04% |
| Great Rolling Stock Co Ltd/The 6.5% 05/04/2031 | 100,000 | 103,176 | 1.00% |
| HBOS Sterling Finance Jersey 7.881% Perp | 50,000 | 80,349 | 0.78% |
| Heathrow Funding Ltd 6.45% 10/12/2031 | 120,000 | 166,525 | 1.62% |
| HSBC Holdings PLC 2.256% 13/11/2026 | 100,000 | 103,737 | 1.01% |
| HSBC Holdings PLC 7% 07/04/2038 | 50,000 | 78,058 | 0.76% |

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

Portfolio Statement (continued)

| | Quantity 31.08.2021 | Valuation £ | % of Fund's property |
|---|------------------------|-------------------|----------------------------|
| Corporate Bonds (continued) | | | |
| Hutchison Whampoa Finance UK PLC 5.625% 24/11/2026 | 100,000 | 123,270 | 1.20% |
| Innogy Finance BV 6.125% 06/07/2039 | 50,000 | 79,125 | 0.77% |
| London & Quadrant Housing Trust Ltd 3.75% 27/10/2049 | 100,000 | 139,384 | 1.35% |
| National Express Group PLC 2.375% 20/11/2028 | 100,000 | 104,145 | 1.01% |
| National Grid Electricity Transmissions 1.125% 07/07/2028 | 245,000 | 242,050 | 2.35% |
| New York Life Global Funding 1.625% 15/12/2023 | 100,000 | 102,558 | 1.00% |
| Next PLC 4.375% 02/10/2026 | 100,000 | 113,882 | 1.11% |
| Northern Gas Networks Finance PLC 4.875% 15/11/2035 | 50,000 | 67,912 | 0.66% |
| Northumbrian Water Finance PLC 2.375% 05/10/2027 | 103,000 | 109,846 | 1.04% |
| Orsted A/S 5.75% 09/04/2040 | 50,000 | 82,180 | 0.80% |
| Royal Bank of Scotland Group PLC 2.875% 19/09/2026 | 100,000 | 106,312 | 1.03% |
| Royal Bank of Scotland PLC/The 7.5% 29/04/2024 | 98,000 | 113,601 | 1.10% |
| RSA Insurance Group PLC 5.125% 10/10/2045 | 100,000 | 114,146 | 1.11% |
| Santander UK Group Holdings PLC 2.92% 08/05/2026 | 100,000 | 106,021 | 1.03% |
| Scania CV AB 1.875% 28/06/2022 | 100,000 | 101,062 | 0.98% |
| Scentre Group Trust 1 / Scentre Group Trust 2 2.375% 08/04/2022 | 150,000 | 151,097 | 1.47% |
| Society of Lloyd's 4.875% 07/02/2047 | 100,000 | 115,348 | 1.12% |
| Stagecoach Group PLC 4% 29/09/2025 | 100,000 | 108,952 | 1.06% |
| Svenska Handelsbanken AB 1.625% 18/06/2022 | 205,000 | 207,339 | 2.01% |
| Tesco Property Finance 3 PLC 5.744% 13/04/2040 | 50,000 | 64,170 | 0.62% |
| Thames Water Utilities Finance Ltd 5.125% 28/09/2037 | 80,000 | 113,836 | 1.11% |
| THFC Funding No 2 PLC 6.35% 08/07/2041 | 80,000 | 133,318 | 1.29% |
| Time Warner Cable LLC 5.75% 02/06/2031 | 60,000 | 78,225 | 0.76% |
| Unite Group 3.5% 15/10/2028 | 100,000 | 112,304 | 1.09% |
| Verizon Communications 1.875% 03/11/2038 | 100,000 | 98,594 | 0.96% |
| Virgin Money UK PLC 5.125% 11/12/2030 | 100,000 | 111,711 | 1.08% |
| Welltower Inc 4.8% 20/11/2028 | 100,000 | 121,173 | 1.18% |
| Westfield Stratford No 2 1.642% 04/08/2026 | 100,000 | 102,054 | 0.99% |
| Westpac Banking Corp 1% 30/06/2022 | 100,000 | 100,649 | 0.98% |
| Westpac Banking Corp 2.625% 14/12/2022 | 100,000 | 102,955 | 1.00% |
| Total Corporate Bonds | | 7,944,176 | 77.13% |
| | | | (As at 31.08.2020: 93.51%) |
| Total Bonds | | 9,437,906 | 91.62% |
| Bank Balances | | 863,697 | 8.38% |
| | | | (As at 31.08.2020: 1.58%) |
| | | 10,301,603 | 100.00% |

The total purchases for the year ended 31 August 2021 were £3,257,427 (year ended 31 August 2020: £7,256,528) and the total sale proceeds were £10,329,528 (year ended 31 August 2020: £8,836,454).

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

Directors' Report

The Directors have pleasure in submitting their Annual Report & Audited Financial Statements of the Fund for the year ended 31 August 2021.

Introduction

The principal activity of the Fund is the investment into a managed portfolio of predominantly fixed-interest securities, denominated in sterling, with all income being accumulated in the price of the shares.

Review of activities

The results of the Fund are set out on page 10. The change in net assets attributable to holders of participating redeemable preference shares from investment activities during the year was an increase of £155,171 (2020: an increase of £348,275).

Following a significant shareholder redemption in March 2021, the Board have been mindful of the increasingly adverse impact of the Fund's fixed costs on its performance due to the reducing fund size. The Board have been monitoring performance closely over recent months and requested the Manager to seek and identify new sources of investment into the Fund and explore alternative options to secure its future. Throughout the review process, the Board and Manager have worked in close consultation with the Investment Manager and the Fiduciary Custodian. As a consequence of the reduced trading flexibility that is available to the Investment Manager from the significantly reduced portfolio, the associated increase in the portfolio's risk profile and the increased percentage of ongoing fixed costs that detracts from investment returns, the Board are of the opinion that in the likely event of no viable solution being identified the Fund will be closed within 12 months of these financial statements.

Directors

The current Board of Directors are:

William Juan Clarke (Non-executive Director)

Juan was appointed a Director in March 2012 and has continued in a non-executive capacity since the divestment of the Fund's former Manager from the Lloyds Banking Group in 2015. Up until March 2016 Juan was Managing Director of the Clerical Medical International (CMI) Group of Companies comprising trust, fund management and venture capital investment companies and Scottish Widow's offshore insurance arm, CMI Insurance Company Limited (now known as RL360 Life Insurance Company Limited). He has over 38 years' experience, initially joining Barclaytrust in 1982 and moving to CMI in 1991, having held various senior positions specialising in insurance, investments and fund management. Juan was appointed as an independent Non-executive Director of Zurich International Limited on 22 September 2021, and is also a Non-executive Director of a Lloyds Banking Group fund based in Luxembourg. He is a Chartered Fellow of the Chartered Institute for Securities and Investment and has Chartered Wealth Manager status with the Institute. Juan was appointed Chairman on 11 March 2019.

Graeme Michael Easton (Non-executive Director)

Graeme was appointed a Director in March 2019. He is a Fellow of the Institute and Faculty of Actuaries, holds the Institute of Directors' Diploma in Company Direction and has a Mathematics degree from Cambridge University. He has 35 years' experience in financial services, initially with Sun Life (which became AXA) in the UK and then AXA, Zurich and Canada Life in the Isle of Man. He has held a number of senior roles including Appointed Actuary, Compliance Officer, Chief Financial Officer and Executive Director. Graeme is a Non-executive Chairman of Hansard Global plc, Hansard International Limited and Hansard Europe dac. He is a past Chairman of the Manx Actuarial Society.

Robert Keith Corkill

Appointed a Director in June 2018, Keith is also a director of the Manager. He is a member of the Institute of Chartered Accountants in England and Wales and has a Mathematics degree from Southampton University. Keith trained with Coopers and Lybrand (now PwC) and since qualifying as a chartered accountant in 1994, he has worked in the field of fund administration including senior positions with GAM Administration Limited, BoE International Fund Services Limited and latterly as a founder member and director of Chamberlain Fund Services Limited which was acquired by the Manager in 2013.

Scott William Bowden

Scott was appointed a Director in March 2019 and from 1 May 2020 is now also a director of the manager. He has over 15 years of financial services experience, initially spending 5 years at Clerical Medical International gaining experience in investments, currency dealing and system development before moving into the funds' industry in 2006 spending 3 years at an investment management company before joining Chamberlain Fund Services Limited in 2010, which was subsequently acquired by the Manager. Scott was prominently involved in the transfer of the Fund from the previous manager and is involved operationally on a day to day basis.

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

Directors' Report (continued)

Directors' interests

No Director had an interest, beneficial or non-beneficial, in the issued share capital of the Fund as at 31 August 2021 or during the year.

Auditor

PricewaterhouseCoopers LLC, being eligible, has expressed its willingness to continue in office in accordance with Section 12(2) of the Isle of Man Companies Act 1982.

Suntera Sterling Roll-Up Fund PLC

On behalf of the Board

S W Bowden
Director

16 December 2021

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

Statement of Directors' Responsibilities in respect of the Annual Report & Audited Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Isle of Man law and regulations.

Company law requires the Directors to prepare financial statements for each financial year.

The Directors have elected to prepare the Fund's financial statements in accordance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102: "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" ("FRS 102").

The financial statements are required by law to give a true and fair view of the state of affairs of the Fund and of the net revenue/(expense) and the net capital gains/(losses) of the property of the Fund for the period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Fund's transactions and disclose with reasonable accuracy at any time the financial position of the Fund and to enable them to ensure that the financial statements comply with the principal constitutional documents, the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014 (the "SORP"), the Authorised Collective Investment Schemes Regulations 2010 and the Isle of Man Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Fund's section of the Manager's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

S W Bowden
Director

16 December 2021

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

Statement of Total Return

| | Note | Year ended 31.08.2021 | | Year ended 31.08.2020 | |
|--|------|-----------------------|----------------|-----------------------|----------------|
| | | £ | £ | £ | £ |
| Income | | | | | |
| Net capital losses | 4 | | (85,510) | | (31,785) |
| Revenue | 5 | 421,937 | | 579,660 | |
| Expenses | 6 | <u>(181,256)</u> | | <u>(199,600)</u> | |
| Net revenue before taxation | | 240,681 | | 380,060 | |
| Taxation | 7 | <u>-</u> | | <u>-</u> | |
| Net revenue after taxation | | <u>240,681</u> | | <u>380,060</u> | |
| Total return before distributions | | | 155,171 | | 348,275 |
| Finance costs: Distributions | | | - | | - |
| Change in net assets attributable to holders of participating redeemable preference shares from investment activities | | | <u>155,171</u> | | <u>348,275</u> |

Statement of Change in Net Assets attributable to Holders of Participating Redeemable Preference Shares

| | Year ended 31.08.2021 | | Year ended 31.08.2020 | |
|---|-----------------------|-------------------|-----------------------|-------------------|
| | £ | £ | £ | £ |
| Opening net assets attributable to holders of participating redeemable preference shares | | 17,092,547 | | 18,770,742 |
| Amounts receivable on issue of shares | 89,599 | | 76,099 | |
| Amounts payable on cancellation of shares | <u>(6,940,992)</u> | | <u>(2,102,569)</u> | |
| | | (6,851,393) | | (2,026,470) |
| Change in net assets attributable to holders of participating redeemable preference shares from investment activities | | <u>155,171</u> | | <u>348,275</u> |
| Closing net assets attributable to holders of participating redeemable preference shares | | <u>10,396,325</u> | | <u>17,092,547</u> |

The notes on pages 12 to 20 form part of these financial statements.

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

Balance Sheet

| | Note | As at 31.08.2021 | | As at 31.08.2020 | |
|---|------|------------------|--------------------------|------------------|--------------------------|
| | | £ | £ | £ | £ |
| Assets | | | | | |
| Current assets | | | | | |
| Investments | | | 9,437,906 | | 16,618,767 |
| Debtors | 8 | 203,030 | | 306,843 | |
| Cash and bank balances | 9 | <u>863,697</u> | | <u>266,554</u> | |
| Total other assets | | | 1,066,727 | | 573,397 |
| Total assets | | | <u>10,504,633</u> | | <u>17,192,164</u> |
| Equity and liabilities | | | | | |
| Equity | | | | | |
| Management shares | 12 | 10 | | 10 | |
| Nominal shares | 12 | <u>49,158</u> | | <u>47,609</u> | |
| Total equity | | | 49,168 | | 47,619 |
| Liabilities | | | | | |
| Creditors | 10 | <u>59,140</u> | | <u>51,998</u> | |
| Total other liabilities | | | 59,140 | | 51,998 |
| Total equity and other liabilities | | | <u>108,308</u> | | <u>99,617</u> |
| Net assets attributable to holders of participating redeemable preference shares | | | <u>10,396,325</u> | | <u>17,092,547</u> |

The financial statements on pages 10 to 20 were approved and authorised for issue by the Board of Directors on 16 December 2021 and signed on its behalf by:

R K Corkill
Director

S W Bowden
Director

The notes on pages 12 to 20 form part of these financial statements.

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

Notes to the Financial Statements

1. Accounting policies

- a The financial statements on pages 10 to 20 have been prepared in accordance with applicable United Kingdom Accounting Standards, comprising Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), the Authorised Collective Investment Schemes Regulations 2010, the Isle of Man Companies Acts 1931 to 2004, and the Company's principal constitutional documents.

The financial statements comply with the requirements of the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014 (the "SORP").

In previous years the financial statements have been prepared on a going concern basis. However, following a significant shareholder redemption in March 2021, the Board have been mindful of the increasingly adverse impact of the Fund's fixed costs on its performance due to the reducing fund size. The Board have been monitoring performance closely over recent months and requested the Manager to seek and identify new sources of investment into the Fund and explore alternative options to secure its future. Throughout the review process, the Board and Manager have worked in close consultation with the Investment Manager and the Fiduciary Custodian. As a consequence of the reduced trading flexibility that is available to the Investment Manager from the significantly reduced portfolio, the associated increase in the portfolio's risk profile and the increased percentage of ongoing fixed costs that detracts from investment returns, the Board are of the opinion that in the likely event of no viable solution being identified the Fund will be closed within 12 months of these financial statements. Accordingly, the Directors have prepared the financial statements on the non-going concern basis. There is no material difference under this basis than would apply under the going concern basis. No provision has been made for liquidation costs as these will be borne by the Manager.

The functional currency of the Fund is GBP, as all its investments are denominated in GBP, its performance is measured and reported in GBP and all shares are denominated in GBP. The Fund's presentation currency is GBP.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. In the opinion of the Directors, there are no critical accounting estimates or areas of significant judgement made in the preparation of these financial statements.

b Financial instruments

Financial assets:

Basic financial assets, including trade and other receivables and cash at bank, are initially recognised at transaction price, unless the arrangement constitutes a financial arrangement, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of total return.

Investments are initially measured at fair value, which for the purposes of the valuation of the units in the Fund is the mid price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the statement of total return. From 4 June 2018 the Fund changed from a dual bid-offer pricing basis to a single pricing basis using the mid price as the fair value of its investments. For the purposes of valuation for the financial statements bid price has been used. There is no material difference between the two.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the assets expire or are settled, or (ii) substantially all the risks and rewards of ownership of the asset are transferred to another party or (iii) despite having retained some significant risk and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

b Financial instruments (continued)

Financial liabilities:

Basic financial liabilities, including accruals, are initially recognised at transaction price, unless the arrangement constitutes a financial transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, which is when the contractual obligation is discharged, cancelled or expires.

c Cash and cash equivalents includes cash at bank, deposits held at call with banks or other short-term highly liquid investments with original maturities of three months or less.

d Interest receivable on bank deposits and investments in debt securities is recognised on an accruals basis in accordance with the SORP.

e Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered at the balance sheet date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment in respect of amounts due from brokers.

f Gains and losses on disposal and revaluation of investments in debt securities are recognised in the statement of total return and the total return is taken to the capital reserve.

g The premium received on the issue of participating redeemable preference shares is credited to the share premium account. On redemption of participating redeemable preference shares the premium repayable is debited to the share premium account. Should the share premium account be fully utilised, premiums on redemption will be charged against other realised capital reserves.

h All participating redeemable preference shares issued by the Fund provide the investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at the redemption date. In accordance with FRS 102 such investments give rise to a financial liability for the present value of the redemption amount.

i The Fund has, in accordance with the SORP and FRS 102 section 7.1 A (c), exercised its right of exemption from preparing a cash flow statement.

j All expenses are recognised on an accruals basis and charged against revenue.

2. Management fee

A recurring charge at an annual rate of 0.7% is payable to the Manager each month, calculated daily on the net asset value of the Fund. The investment manager's fee is paid out of the manager's fee.

3. Fiduciary Custodian and sub custodian fees

A recurring charge at an annual rate of 0.035% is payable to the Fiduciary Custodian each month, calculated daily on the net asset value of the Fund (subject to a minimum annual fee of £20,000). In addition to this, the sub custodian charges the Fund a quarterly safe custody fee for the safe keeping of the Fund's assets.

4. Net capital losses

| | 31.08.2021 | 31.08.2020 |
|---|------------------------|------------------------|
| | £ | £ |
| Non-derivative: | | |
| Net capital losses during the year comprises: | | |
| Realised gain on sale of investments | 440,630 | 321,011 |
| Unrealised loss on revaluation of investments | <u>(526,140)</u> | <u>(352,796)</u> |
| Net capital losses | <u>(85,510)</u> | <u>(31,785)</u> |

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

Notes to the Financial Statements (continued)

5. Revenue

| | 31.08.2021 | 31.08.2020 |
|---|----------------|----------------|
| | £ | £ |
| Non-derivative: | | |
| Interest income from investments in debt securities | 421,937 | 579,660 |
| Total revenue | 421,937 | 579,660 |

6. Expenses

| | 31.08.2021 | 31.08.2020 |
|---|----------------|----------------|
| | £ | £ |
| Payable to the Manager and Registrar | | |
| Management fee | 96,499 | 122,809 |
| | 96,499 | 122,809 |
| Payable to the Fiduciary Custodian | | |
| Fiduciary custodian fees | 20,000 | 20,000 |
| | 20,000 | 20,000 |
| Other expenses | | |
| Directors' fees | 16,500 | 16,500 |
| Regulatory fees | 1,014 | 2,657 |
| Audit fees | 19,718 | 17,100 |
| Printing and postage | 2,500 | 2,500 |
| Sub custody fees | 9,125 | 9,125 |
| Withholding tax (net) | 748 | 748 |
| Sundry expenses | 15,152 | 8,161 |
| | 64,757 | 56,791 |
| Total expenses | 181,256 | 199,600 |

7. Taxation

The Fund is liable to Isle of Man tax at the standard rate of 0%.

8. Debtors

| | 31.08.2021 | 31.08.2020 |
|--|----------------|----------------|
| | £ | £ |
| Debtors comprise: | | |
| Interest receivable on debt securities | 142,403 | 254,677 |
| Other debtors | 60,627 | 52,166 |
| | 203,030 | 306,843 |

9. Cash

| | 31.08.2021 | 31.08.2020 |
|------------------------|----------------|----------------|
| | £ | £ |
| Cash and bank balances | 863,697 | 266,554 |
| | 863,697 | 266,554 |

10. Creditors

| | 31.08.2021 | 31.08.2020 |
|---------------------------|---------------|---------------|
| | £ | £ |
| Creditors comprise: | | |
| Accrued fees and expenses | 59,140 | 51,998 |
| | 59,140 | 51,998 |

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

Notes to the Financial Statements (continued)

11. Related party disclosure

RL 360 Life Insurance Company Limited invests in the Fund and the number of participating redeemable preference shares held by them at the balance sheet date was 178,397 (2020: 1,654,749). The movement in participating redeemable preference shares held by RL 360 Life Insurance Company Limited in the year is made up as follows: Shares issued 10,316 (2020: 17,622) for which they paid £45,855 (2020: £76,099), and shares redeemed 1,486,668 (2020: 345,015) for which they received £6,573,203 (2020: £1,482,805).

At the balance sheet date, £49,158 was owed from the Manager to the Fund (2020: £47,609 was owed from the Manager to the Fund) in respect of Nominal shares issued.

The Manager holds the Management shares in the Fund. The shares were issued at par for £10 (2020: £10) which was owed to the Fund by the Manager at 31 August 2021 and 2020.

Keith Corkill and Scott Bowden are also directors of Suntera Fund Services (IOM) Limited which is Manager to the Fund.

The management fee payable to the Manager is detailed in Notes 2 and 6.

The investment management fees due to Aberdeen Asset Managers Limited are paid by the Manager.

The fees paid during the year to the non-executive directors are disclosed in Note 6.

12. Share capital

| | 31.08.2021 | 31.08.2020 |
|---|----------------|----------------|
| | £ | £ |
| a Authorised share capital | | |
| 10 management shares of £1 each | 10 | 10 |
| 199,990,000 unclassified shares of 0.1p each | 199,990 | 199,990 |
| | 200,000 | 200,000 |
| b Issued share capital | | |
| Management shares of £1 each | £ | £ |
| Balance brought forward and carried forward | 10 | 10 |
| Nominal shares of 0.1p each | | |
| Balance brought forward | 47,609 | 47,138 |
| Issued during the year | 1,569 | 489 |
| Redeemed during the year | (20) | (18) |
| Balance carried forward | 49,158 | 47,609 |
| Participating redeemable preference shares of 0.1p each | | |
| Balance brought forward | 3,855 | 4,326 |
| Issued during the year | 20 | 18 |
| Redeemed during the year | (1,569) | (489) |
| Balance carried forward | 2,306 | 3,855 |
| Total issued share capital | 51,474 | 51,474 |

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

Notes to the Financial Statements (continued)

12. Share capital (continued)

| | 31.08.2021 Number of shares | 31.08.2020 Number of shares |
|---|-----------------------------------|-----------------------------------|
| Number of management shares of £1 each | | |
| Balance brought forward and carried forward | <u>10</u> | <u>10</u> |
| Nominal shares of 0.1p each | | |
| Balance brought forward | 47,608,788 | 47,138,289 |
| Issued during the year | 1,569,106 | 488,121 |
| Redeemed during the year | <u>(20,171)</u> | <u>(17,622)</u> |
| Balance carried forward | <u>49,157,723</u> | <u>47,608,788</u> |
| Participating redeemable preference shares of 0.1p each | | |
| Balance brought forward | 3,855,492 | 4,325,991 |
| Issued during the year | 20,171 | 17,622 |
| Redeemed during the year | <u>(1,569,106)</u> | <u>(488,121)</u> |
| Balance carried forward | <u>2,306,557</u> | <u>3,855,492</u> |

Management shares are not redeemable, have no voting rights and do not entitle the holder to receive any dividends. On a winding-up, shareholders are entitled to receive the balance after the nominal and participating redeemable preference shareholders have been paid.

Nominal shares are issued at par to provide funds for the redemption of the nominal value of participating redeemable preference shares. They may be converted into participating redeemable preference shares. They have no rights or rights to dividend. On a winding up, the shareholders are entitled to the nominal value of the shares after the participating redeemable preference shareholders have been paid.

Participating redeemable preference shares are classed as financial liabilities and confer the right to a proportionate share in the property of the Fund and to dividends as determined by the Directors. They may be redeemed on any dealing day. Each share carries one vote. On a winding-up, the shareholders are entitled to a share of the assets available for distribution in accordance with their respective interest in the property of the Fund before other shareholders are paid.

| c Holdings over 5% | 31.08.2021 | 31.08.2020 |
|---------------------------------------|-------------|-------------|
| RL 360 Life Insurance Company Limited | 7.7% | 42.9% |
| The J Mortimer Trust | <u>8.4%</u> | <u>5.0%</u> |

13. Reserves

| | 31.08.2021 £ | 31.08.2020 £ |
|--------------------------------------|--------------------|--------------------|
| Share premium | | |
| Balance brought forward | - | - |
| Issue of shares during the year | 89,579 | 76,081 |
| Redemption of shares during the year | <u>(6,939,423)</u> | <u>(2,102,080)</u> |
| Transfer from capital reserve | 6,849,844 | 2,025,999 |
| Balance carried forward | <u>-</u> | <u>-</u> |

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

Notes to the Financial Statements (continued)

13. Reserves (continued)

| | 31.08.2021 | 31.08.2020 |
|---|-------------------|-------------------|
| | £ | £ |
| Capital reserve | | |
| Balance brought forward | 17,088,692 | 18,766,416 |
| Total return for the year | 155,171 | 348,275 |
| Transfer to share premium | (6,849,844) | (2,025,999) |
| Balance carried forward | 10,394,019 | 17,088,692 |
| | £ | £ |
| Net assets attributable to holders of participating redeemable preference shares consist of: | | |
| Share capital - participating redeemable preference shares | 2,306 | 3,855 |
| Capital reserves | 10,394,019 | 17,088,692 |
| | 10,396,325 | 17,092,547 |

14. Financial instruments

The purpose of the Fund is to provide investors with a high return, before taxation, from a managed portfolio of fixed-interest securities, denominated in sterling, with all income being accumulated in the price of the shares. In pursuing this investment objective, the Fund holds a number of financial instruments. The Fund's financial instruments comprise debt securities, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for share issues and payable for share cancellations and debtors for accrued revenue.

The Fund's financial instruments consist of the following categories:

| | 31.08.2021 | 31.08.2020 |
|---|------------|------------|
| | £ | £ |
| Financial assets at fair value through profit or loss - debt securities | 9,437,906 | 16,618,767 |
| Financial assets at amortised cost: | | |
| Debtors | 203,030 | 306,843 |
| Cash at bank | 863,697 | 266,554 |
| Financial liabilities at amortised cost: | | |
| Creditors | (59,140) | (51,998) |

The main risks arising from the financial instruments are market risk, liquidity risk and credit risk. The Fund's policies for managing these risks are summarised below and have been applied throughout the year.

Market risk

Market price risk

Market price risk, being the risk that the value of the Fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate movements.

Market price risk represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund's Investment Manager regularly reviews the asset allocation of the portfolio in order to minimise the risk associated with particular sectors whilst continuing to follow the investment objectives. The Fund's Investment Manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described in the Scheme Particulars and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

Notes to the Financial Statements (continued)

14. Financial instruments (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest bearing assets held by the Fund are cash and bank balances and fixed and floating rate debt securities.

Below is an analysis of the financial assets, analysis between fixed rate, floating rate and non interest bearing.

| | Floating rate financial assets £ | Fixed rate financial assets £ | Financial assets not carrying interest £ | Total £ |
|-----------------------|--|---|--|------------|
| 31 August 2021 | 2,430,969 | 7,870,635 | 203,030 | 10,504,634 |
| 31 August 2020 | 2,448,364 | 14,436,957 | 306,843 | 17,192,164 |

At 31 August 2021, for fixed rate securities, had market interest rates strengthened by 1% (2020: 1%) the net assets attributable to holders of participating redeemable preference shares would have decreased by £597,381 (2020: £1,188,162).

A weakening of the interest rate would have resulted in an equal and opposite effect on the financial statements, assuming all other variables remained constant.

The Fund has no financial liabilities other than short-term creditors and participating redeemable preference shares.

Interest receivable on cash is in general linked to the Bank of England base rate.

| | Weighted average interest rate on bonds | Weighted average period for which the rate is fixed |
|-----------------------|--|--|
| 31 August 2021 | 4.07% | 11.43 years |
| 31 August 2020 | 4.18% | 12.83 years |

The maturity of the non-interest bearing instruments is less than a year.

Floating rate bond interest is calculated using daily published rates.

Fair value of financial assets and liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet and their fair value. The main liability of the Fund is its obligation to redeem shares on demand.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with its financial liabilities.

The Fund holds assets comprising mainly readily realisable securities and has no significant unlisted securities. The main liability of the Fund is the cancellation of shares by shareholders. This risk is minimised by holding cash and readily realisable securities.

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

Notes to the Financial Statements (continued)

14. Financial instruments (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale, after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the Fund's Manager as an acceptable counterparty and these are reviewed on an ongoing basis.

The majority of the Fund's holdings are in investment grade bonds. The holdings are spread across a variety of industry sectors to avoid concentrations of credit risk.

Assets of the Fund may need to be sold if insufficient cash is available to finance redemptions. The Fund holds cash and cash deposits which potentially exposes the Fund to counterparty risk. The Manager constantly reviews the banks at which cash is deposited. Currently, the cash is held with RBS and BNY Mellon which have a credit rating of A-2 and A-1+ respectively (2020: cash held with RBS and BNY Mellon had a credit rating of A1 and A1+ respectively).

Credit rating analysis

A credit quality analysis is disclosed below in accordance with paragraph 3.84 of the SORP.

| | Market value 31.08.2021 | Market value 31.08.2020 |
|------------------------------|----------------------------|----------------------------|
| | £ | £ |
| Investment grade | 9,357,557 | 16,477,053 |
| Non-investment grade | 80,349 | 141,714 |
| Total debt securities | 9,437,906 | 16,618,767 |

15. Fair value hierarchy

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of the assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective. The disclosure is split into the following categories:

Level 1 - quoted prices for identical instruments in active markets. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions for the same financial instrument on an arm's length basis. For this purpose, a quoted price is a price at which the party performing the fair value measurement can enter into a transaction. Therefore the price must be binding on the party providing the quote.

Level 2 - inputs, other than quoted price in Level 1, that are observable (i.e. developed using market data) either directly, such as prices, or indirectly, which are derived from prices. Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

Level 3 - valuation techniques that use inputs that are unobservable (i.e. non-market data).

As at 31 August 2021 and 31 August 2020, all of the Fund's investments were classified as Level 2.

Suntera Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2021

Notes to the Financial Statements (continued)

16. Portfolio transactions

| | 31.08.2021 | 31.08.2020 |
|--|--------------------------|-------------------------|
| | £ | £ |
| Analysis of total purchases | | |
| Purchases in period before transaction costs | 3,257,177 | 7,255,873 |
| Purchase costs | 250 | 655 |
| Gross purchases total | <u>3,257,427</u> | <u>7,256,528</u> |
| Analysis of total sales | | |
| Gross sales before transaction costs | 10,330,668 | 8,837,254 |
| Sales costs | (1,140) | (800) |
| Total sales net of transaction costs | <u>10,329,528</u> | <u>8,836,454</u> |

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.6123% (2020: 0.9544%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17. Contingent liabilities

There are no contingent liabilities or commitments outstanding at the date of the financial statements.

18. Post balance sheet events

At a meeting of the Board of Directors on 16 November 2021, for the reasons set out in the Manager's Report, the Fund Board with agreement of the Manager determined that in the likely event of no viable solution being identified it will be in the best interests of the Fund's shareholders to close the Fund. The Board requested the Manager to consider the required next steps and it is expected the process will be completed within the coming 12 months.

Independent Auditor's report to the members of Suntera Sterling Roll-Up Fund PLC

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements:

- give a true and fair view of the financial position of Suntera Sterling Roll-Up Fund PLC (the "Fund") as at 31 August 2021 and of the net revenue and the net capital losses of the scheme property of the Fund for the year then ended in accordance with United Kingdom Accounting Standards, comprising FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Authorised Collective Investment Schemes Regulations 2010, the Isle of Man Companies Acts 1931 to 2004 and the Fund's principal constitutional documents.

What we have audited

The Fund's financial statements comprise:

- the balance sheet as at 31 August 2021;
- the statement of total return for the year then ended;
- the statement of change in net assets attributable to holders of participating redeemable preference shares for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1a to the financial statements concerning the basis of preparation. The performance of the Fund has been impacted due to a significant redemption that occurred during the year. Whilst the Board, in conjunction with the Manager, the Investment Manager and the Fiduciary Custodian, are exploring alternative options to secure the future of the Fund, the directors believe there is a significant chance that the Fund will close within 12 months of signing these financial statements. Accordingly the going concern basis of accounting is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1a to the financial statements. No adjustments were necessary in these financial statements to reduce assets to their realisable value or to provide for liabilities arising from the decision.

Independence

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The other information comprises all of the information in the Annual Report and Audited Financial Statements other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's report to the members of Suntera Sterling Roll-Up Fund PLC (continued)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the applicable framework and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may include collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report, including the opinion, has been prepared for and only for the Fund's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditor's report to the members of Suntera Sterling Roll-Up Fund PLC (continued)

Report on other legal and regulatory requirements

Adequacy of accounting records and information and explanations received

Under the Isle of Man Companies Act 1931 to 2004 we are required to report to you by exception if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper books of account have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the books of account and returns; and
- certain disclosures of directors' loans and remuneration specified by law have not been complied with.

We have no exceptions to report arising from this responsibility.

Under the Authorised Collective Investment Schemes Regulations 2010, we are required to report to you by exception if, in our opinion, proper accounting records for the Fund have not been kept, or whether the financial statements are not in agreement with those records.

We have no exceptions to report arising from this responsibility.

Opinion on other matters prescribed by the Authorised Collective Investment Schemes Regulations 2010

Under the Authorised Collective Investment Schemes Regulations 2010 we are required to report to you on other prescribed matters. In our opinion:

- we have obtained all the information and explanations, which to the best of our knowledge and belief, we consider necessary for the purposes of the audit; and
- the information given in the Manager's Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PricewaterhouseCoopers LLC
Chartered accountants
Sixty Circular Road
Douglas, Isle of Man

16 December 2021

Suntera Sterling Roll-Up Fund PLC

Report of the Fiduciary Custodian

The Fiduciary Custodian has responsibility for the safekeeping of the Fund's assets and must take reasonable care to ensure that the scheme is managed by the Manager in accordance with the Regulations relating to, inter alia, investment and borrowing powers, dealing and valuation and pricing, and the Fund's principal constitutional documents and scheme particulars.

In respect of the year ended 31 August 2021 we state that, in our opinion, Suntera Fund Services (IOM) Limited managed Suntera Sterling Roll-Up Fund PLC:

- a. in accordance with the limitations imposed upon the investment and the borrowing powers of the Manager and ourselves as Fiduciary Custodian by the principal constitutional documents, by the Scheme Particulars and by the Authorised Collective Investment Schemes Regulations 2010, and
- b. otherwise in accordance with the provisions of the principal constitutional documents and the Authorised Collective Investment Schemes Regulations 2010, and
- c. the issue, sale, redemption and cancellation, and calculation of the price of the shares and the application of the scheme's income, have at all times been carried out in accordance with the provisions of the Regulations and, where applicable, the Act and the documents constituting the scheme.

Apex Financial Services (Corporate) Limited
12 Castle Street
St Helier
Jersey

16 December 2021