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## Suntera Sterling Roll-Up Fund PLC

Unaudited Abbreviated Interim Report  
for the six month period ended 28 February 2022

**Manager**  
Suntera Fund Services (IOM) Limited  
Clinch's House, Lord Street, Douglas  
Isle of Man, IM99 1RZ  
British Isles



# General Information

## Directors

W J Clarke\* (Chairman)

G M Easton\*

R K Corkill

S W Bowden

\*denotes Non-executive Director

## Company Secretary

R K Corkill

## Registered office:

Clinch's House, Lord Street, Douglas

Isle of Man, IM99 1RZ

British Isles

## Manager and Registrar

Suntera Fund Services (IOM) Limited

Clinch's House, Lord Street, Douglas

Isle of Man, IM99 1RZ

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

## Auditor

PricewaterhouseCoopers LLC

Sixty Circular Road, Douglas

Isle of Man, IM1 1SA

British Isles

# 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 Association in May 2014 (the "SORP"). The Fund was originally established and authorised on 28 January 1993.

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 Unaudited Interim Financial Statements for the six-month period ended 28 February 2022 (together with the Unaudited Abbreviated Interim Report for the six-month period ended 28 February 2022 that has been sent to all registered shareholders) may be viewed on our website - [www.suntera.com](http://www.suntera.com) and is 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](mailto: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 28 February 2022

### Market review

During the reporting period, the yield spread of credit over government bonds increased from 0.89% to 1.20%. This was a time when all-in yields for credit increased from 1.40% to 2.45%, which meant a significant fall in prices. This is largely due to rising inflation, which has resulted in a sell-off in government bonds, rising yields and rising government bond yields as markets price in interest rate hikes.

During the summer of 2021, the UK came out of its third wave of Covid-19, experiencing good growth rates with modest inflation. This led to an increase in mergers and acquisitions early in the period, such as the takeover bid for the supermarket group Morrisons. However, government bond yields began to rise as investors priced in rising growth and lower infection rates. Credit markets were stable and improving, reflecting on better growth rates and healthy company results.

## Market review (continued)

This changed in winter as the Omicron variant emerged. We hope this variant spells the start of the end for the Covid-19 pandemic, but this is still not certain. Through December, January and February, markets have had to deal with rising inflation. This is partly the result of Covid-19 impacted supply chains, but also due to Omicron infections leading to staff shortages. Added to this, commodity prices – particularly energy – have risen sharply, meaning higher costs for consumers and industry. This negative background has hit credit and yields have risen relative to government bonds.

## Performance and activity of the Fund

The Fund's portfolio outperformed the benchmark over the period.

During the period, we benefitted from positioning the Fund as underweight to the risk of rising yields. Similarly, we have been underweight in credit risk, which has been positive late in the period. Our exposure to the energy sector helped performance, as oil prices have risen sharply. Similarly, our holdings in Gatwick and Heathrow airports performed well as passenger numbers have risen as lockdown travel restrictions have been removed. On the negative side, our holding of EDF detracted. The French state-owned utility was downgraded from A- to BBB+ after it announced weaker than expected guidance for 2022. While a €2.5bn rights issue and disposals of €3bn will offset some of the weaker operational performance, it will still leave EDF highly leveraged. Pressure continues with volatility in power prices and further delays and cost over-runs at their new nuclear facility.

Regarding activity, towards the start of the period, we reduced exposure to housing associations. Catalyst Housing was sold after a reasonable performance from the name, as its risk profile began to rise. We made several purchases, including bank BNP Paribas, housing association aggregator MorHomes and Aspire, a private finance initiative defence infrastructure organisation.

## Outlook\*

With so much changing in the world, including the geopolitical world order, economic shocks from inflation and squeezed consumers incomes, it is extra hard to predict the outlook for credit markets. However, since the market's correction, the additional spread over government bonds means credit now seems attractive, compared to government bonds. Investors are being compensated for some of these risk factors.

\*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.

**R K Corkill**  
Director  
Suntera Fund Services (IOM) Limited

21 April 2022

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# Comparative Table

## Change in net asset value per share

	<b>2022*</b> <b>p</b>	<b>2021</b> <b>p</b>	<b>2020</b> <b>p</b>
Opening net asset value per share	450.73	443.33	433.91
Return before operating charges**	(29.58)	13.33	14.30
Operating charges	(3.35)	(5.93)	(4.88)
Return after operating charges**	(32.93)	7.40	9.42
Distributions on preference shares	-	-	-
Closing net asset value per share	417.80	450.73	443.33

\*For the six-month period ended 28 February 2022

\*\*after direct transaction costs of

0.01	0.05	0.04
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## Performance

	<b>2022*</b>	<b>2021</b>	<b>2020</b>
Return after charges	(7.31)%	1.67%	2.17%

## Other information

	<b>2022*</b>	<b>2021</b>	<b>2020</b>
Closing net asset value	£9,235,448	£10,396,325	£17,092,547
Closing number of shares	2,210,517	2,306,557	3,855,492
Operating charges	0.77%	1.32%	1.13%
Direct transaction costs	0.001%	0.010%	0.008%

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

### Performance record

	Highest share price p	Lowest share price p	Net allocation per share*** p
01.09.2017 to 31.08.2018	430.02	392.54	(6.47)
01.09.2018 to 31.08.2019	434.11	390.59	34.04
01.09.2019 to 31.08.2020	448.14	391.66	8.51
01.09.2020 to 31.08.2021	461.12	436.29	5.04
01.09.2021 to 28.02.2022	450.53	416.69	(32.96)

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

### Net asset value record

	Net asset value of participating shares £	Shares in issue	Cancellation price per share p
31 August 2020	17,092,547	3,855,492	443.33
31 August 2021	10,396,325	2,306,557	450.73
28 February 2022	9,235,448	2,210,517	417.80

### Ongoing charges figure ("OCF") for the year/period ended

	OCF*
31 August 2020	1.13%
31 August 2021	1.32%
28 February 2022**	1.54%

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

\*\*Charges in the six-month period ended 28 February 2022, annualised.

### Details of investments

	% of Fund's property 28.02.2022	% of Fund's property 31.08.2021
Government bonds	14.65	14.49
Corporate bonds	78.68	77.13
Bank balances	6.67	8.38
	<u>100.00</u>	<u>100.00</u>

### Top five holdings

Asset description	% of Fund's property 28.02.2022	Asset description	% of Fund's property 31.08.2021
1. United Kingdom Gilt 4.75% 07/12/2030	6.29	1. United Kingdom Gilt 4.75% 07/12/2030	6.01
2. United Kingdom Gilt 4.25% 07/03/2036	3.91	2. United Kingdom Gilt 4.25% 07/03/2036	3.84
3. United Kingdom Gilt 1.625% 22/10/2071	2.76	3. United Kingdom Gilt 1.625% 22/10/2071	3.07
4. National Grid Electricity 1.125% 07/07/2028	2.46	4. National Grid Electricity 1.125% 07/07/2028	2.35
5. Svenska Handelsbanken AB 1.625% 18/06/2022	2.24	5. Svenska Handelsbanken AB 1.625% 18/06/2022	2.01

This Unaudited Abbreviated Interim Report for the six-month period ended 28 February 2022 is approved and authorised for issue by the Manager.

**R K Corkill**  
Director

**S W Bowden**  
Director

Suntera Fund Services (IOM) Limited  
21 April 2022

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