

Suntera Sterling Roll-Up Fund PLC

Unaudited Interim Financial Statements

for the six-month period ended 28 February 2022

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Suntera Sterling Roll-Up Fund PLC

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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

Independent 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 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 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 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 Fund's investment objective is to provide investors with a high return, before taxation, from a managed portfolio of predominantly fixed-interest securities, denominated in sterling, with all income being accumulated in the price of shares.

Investment Manager's overview for the six-month period 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.

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.

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Manager's Report (continued)

Investment Manager's overview for the year ended 28 February 2022 (continued)

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.*

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 period under review were:

31 August 2021	2,306,557
28 February 2022	2,210,517

Value per share

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

31 August 2021	450.73p
28 February 2022	417.80p

Portfolio statement

Portfolio details are shown on pages 6 and 7.

R K Corkill
Director

Suntera Fund Services (IOM) Limited

21 April 2022

Suntera Sterling Roll-Up Fund PLC

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Comparative Table

	2022*	2021	2020
	p	p	p
Change in net asset value per share			
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

Performance

Return after charges	(7.31)%	1.67%	2.17%
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Other information

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 during the year/period.

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%

*The 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.

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Comparative Table (continued)

	% of Fund's property 28.02.2022	% of Fund's property 31.08.2021
Details of investments		
Government bonds	14.65	14.49
Corporate bonds	78.68	77.13
Bank balances	6.67	8.38
	100.00	100.00

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

Suntera Sterling Roll-Up Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 28 February 2022

Portfolio Statement

	Quantity 28.02.2022	Valuation £	% of Fund's property
Government Bonds			
United Kingdom Gilt 0.875 22/10/2029	93,000	90,266	0.98%
United Kingdom Gilt 0.125% 31/01/2024	66,000	64,755	0.71%
United Kingdom Gilt 1.625% 22/10/2071	236,000	253,004	2.76%
United Kingdom Gilt 4.25% 07/03/2036	270,000	358,980	3.91%
United Kingdom Gilt 4.75% 07/12/2030	450,000	577,136	6.29%
Total Government Bonds		1,344,141	14.65%

(As at 31.08.2021: 14.49%)

Corporate Bonds

Aspire Defence Finance PLC 4.674% 31/03/2040	93,000	95,772	1.04%
Athene Global Funding 1.875% 30/11/2028	200,000	187,010	2.04%
Aviva PLC 6.875% 20/05/2058	50,000	67,357	0.73%
AXA SA 6.686% Perp	100,000	111,155	1.21%
Bank of America Corp 2.3% 25/07/2025	100,000	100,186	1.09%
Bank of America Corp 7% 31/07/2028	100,000	125,689	1.37%
Barclays PLC 2.375% 06/10/2023	100,000	100,385	1.09%
Barclays PLC 3% 08/05/2026	107,000	107,967	1.18%
BAT International Finance PLC 4% 04/09/2026	100,000	103,444	1.13%
BAT International Finance PLC 6% 24/11/2034	50,000	54,774	0.60%
Berkshire Hathaway Finance 2.375% 19/06/2039	100,000	93,767	1.02%
BG Energy Capital PLC 5% 04/11/2036	110,000	131,115	1.43%
BHP Billiton Finance Ltd 6.5% 22/10/2077	100,000	102,467	1.12%
BNP Paribas 1.25% 13/07/2031	100,000	85,919	0.94%
BP Capital Markets PLC 4.25% Perp	100,000	96,384	1.05%
British Telecommunication 6.375% 23/06/2037	50,000	62,427	0.68%
BUPA Finance PLC 2% 05/04/2024	100,000	100,048	1.09%
Centrica PLC 7% 19/09/2033	50,000	68,218	0.74%
Channel Link Enterprises Finance PLC 3.043% 30/06/2050	100,000	97,396	1.06%
Cie de Saint-Gobain 5.625% 15/11/2024	100,000	109,312	1.19%
Circle Anglia Social Housing PLC 7.25% 12/11/2038	50,000	80,092	0.87%
Citigroup Inc 1.75% 23/10/2026	100,000	96,751	1.05%
Comcast Corp 1.875% 20/02/2036	100,000	89,540	0.98%
Connect Plus Issuer 2.607% 31/03/2039	100,000	94,458	1.03%
CPUK Finance Ltd 3.69% 28/08/2028	100,000	106,188	1.16%
Credit Suisse Group AG 2.25% 09/06/2028	100,000	96,097	1.05%
Danske Bank 2.25% 14/01/2028	100,000	97,544	1.06%
Digital Stout Holding LLC 3.75% 17/10/2030	128,000	135,377	1.48%
E.ON International Finance BV 5.875% 30/10/2037	50,000	66,277	0.72%
Eastern Power Networks PLC 6.25% 12/11/2036	90,000	126,688	1.38%
Electricite de France SA 5.5% 17/10/2041	100,000	125,053	1.36%
Enel Finance International NV 5.75% 14/09/2040	50,000	67,007	0.73%
Enel SpA 5.75% 22/06/2037	50,000	65,257	0.71%
Eversholt Funding PLC 2.742% 30/06/2040	100,000	92,974	1.01%
Fidelity National Information Services Inc 2.25% 03/12/2029	150,000	144,946	1.58%
GlaxoSmithKline Capital PLC 5.25% 10/04/2042	60,000	82,350	0.90%
Grainger PLC 3% 03/07/2030	100,000	97,007	1.06%
Great Rolling Stock Co Ltd/The 6.5% 05/04/2031	100,000	95,084	1.04%
Heathrow Funding Ltd 6.45% 10/12/2031	120,000	152,474	1.66%
HSBC Holdings PLC 2.256% 13/11/2026	100,000	98,290	1.07%
HSBC Holdings PLC 7% 07/04/2038	50,000	66,020	0.72%

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Portfolio Statement (continued)

	Quantity 28.02.2022	Valuation £	% of Fund's property
Corporate Bonds (continued)			
Hutchison Whamposa Finance UK PLC 5.625% 24/11/2026	100,000	115,566	1.26%
innogy Finance BV 6.125% 06/07/2039	50,000	68,854	0.75%
London & Quadrant Housing Trust Ltd 3.75% 27/10/2049	100,000	117,013	1.28%
Morhomes PLC 3.4% 19/02/2038	100,000	103,707	1.13%
National Express Group Plc 2.375% 20/11/2028	100,000	97,060	1.06%
National Grid Electricity Transmissions 1.125% 07/07/2028	245,000	226,167	2.46%
New York Life Global Funding 1.625% 15/12/2023	200,000	198,964	2.17%
Next PLC 4.375% 02/10/2026	100,000	107,692	1.17%
Northern Gas Networks Finance PLC 4.875% 15/11/2035	50,000	58,527	0.64%
Northumbrian Water Finance PLC 2.375% 05/10/2027	103,000	103,522	1.13%
ORSTED A/S 5.75% 09/04/2040	50,000	71,760	0.78%
Royal Bank of Scotland Group PLC 2.875% 19/09/2026	100,000	100,673	1.10%
Royal Bank of Scotland PLC/The 7.5% 29/04/2024	98,000	108,641	1.18%
Santander UK Group Holdings PLC 2.92% 08/05/2026	100,000	100,364	1.09%
Scania CV AB 1.875% 28/06/2022	100,000	100,103	1.09%
Society of Lloyd's 4.875% 07/02/2047	100,000	106,903	1.17%
Stagecoach Group PLC 4% 29/09/2025	100,000	104,494	1.14%
Svenska Handelsbanken AB 1.625% 18/06/2022	205,000	205,371	2.24%
Tesco Property Finance 3 PLC 5.744% 13/04/2040	50,000	56,683	0.62%
Thames Water Utilities Finance Ltd 5.125% 28/09/2037	80,000	98,910	1.08%
THFC Funding No 2 PLC 6.35% 08/07/2041	80,000	118,210	1.29%
Time Warner Cable LLC 5.75% 02/06/2031	60,000	70,150	0.76%
Unite Group 3.5% 15/10/2028	100,000	104,498	1.14%
Verizon Communications 1.875% 03/11/2038	100,000	83,738	0.91%
Virgin Money UK PLC 5.125% 11/12/2030	100,000	104,530	1.14%
Welltower Inc 4.8% 20/11/2028	100,000	112,443	1.22%
Westfield Stratford No 2 1.642% 04/08/2031	100,000	98,065	1.07%
Westpac Banking Corp 1% 30/06/2022	100,000	100,142	1.09%
Westpac Banking Corp 2.625% 14/12/2022	100,000	101,048	1.10%
Total Corporate Bonds		7,220,064	78.68%
			(As at 31.08.2021: 77.13%)
Total Bonds		8,564,205	93.33%
Bank Balances		611,846	6.67%
			(As at 31.08.2021: 8.38%)
		9,176,051	100.00%

The total purchases for the six-month period ended 28 February 2022 were £405,442 (year ended 31 August 2021: £3,257,427) and the total sale proceeds were £459,577 (year ended 31 August 2021: £10,329,528).

Suntera Sterling Roll-Up Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 28 February 2022

Statement of Total Return

	01.09.2021 to 28.02.2022		01.09.2020 to 28.02.2021	
	£	£	£	£
Income				
Net capital losses		(813,671)		(239,427)
Revenue	144,783		264,311	
Expenses	<u>(75,605)</u>		<u>(101,417)</u>	
Net revenue before taxation	69,178		162,894	
Taxation	<u>-</u>		<u>-</u>	
Net revenue after taxation		<u>69,178</u>		<u>162,894</u>
Total return before distributions		(744,493)		(76,533)
Finance costs: Distributions		-		-
		<u>-</u>		<u>-</u>
Change in net assets attributable to holders of participating redeemable preference shares from investment activities		<u>(744,493)</u>		<u>(76,533)</u>

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

	01.09.2021 to 28.02.2022		01.09.2020 to 28.02.2021	
	£	£	£	£
Opening net assets attributable to holders of participating redeemable preference shares		10,396,325		17,092,547
Amounts receivable on issue of shares	-		45,855	
Amounts payable on cancellation of shares	<u>(416,384)</u>		<u>(949,215)</u>	
		(416,384)		(903,360)
Change in net assets attributable to holders of participating redeemable preference shares from investment activities		(744,493)		(76,533)
Closing net assets attributable to holders of participating redeemable preference shares		<u>9,235,448</u>		<u>16,112,654</u>

Comparative information is provided for the Statement of change in net assets attributable to holders of participating redeemable shares. Since this information is for the prior interim period, the net assets as at the end of that period do not correspond to the net assets at the start of the current period.

The notes on page 10 form part of these Unaudited Interim Financial Statements.

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Unaudited Interim Financial Statements for the six-month period ended 28 February 2022

Balance Sheet

	As at 28.02.2022		As at 31.08.2021	
	£	£	£	£
Assets				
Current assets				
Investment assets		8,564,205		9,437,906
Debtors	161,095		203,030	
Cash and bank balances	<u>611,846</u>		<u>863,697</u>	
Total other assets		772,941		1,066,727
Total assets		<u>9,337,146</u>		<u>10,504,633</u>
Equity and liabilities				
Equity				
Management shares	10		10	
Nominal shares	<u>49,254</u>		<u>49,158</u>	
Total equity		49,264		49,168
Liabilities				
Creditors	<u>52,434</u>		<u>59,140</u>	
Total other liabilities		52,434		59,140
Total equity and other liabilities		<u>101,698</u>		<u>108,308</u>
Net assets attributable to holders of participating redeemable preference shares		<u>9,235,448</u>		<u>10,396,325</u>

The Unaudited Interim Financial Statements for the six-month period ended 28 February 2022 were approved and authorised for issue on behalf of the Board of Directors by the Manager:

R K Corkill
Director

S W Bowden
Director

Suntera Fund Services (IOM) Limited

21 April 2022

The notes on page 10 form part of these Unaudited Interim Financial Statements.

Suntera Sterling Roll-Up Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 28 February 2022

Notes to the Financial Statements

1. Accounting policies

- a The Unaudited Interim Financial Statements for the six-month period ended 28 February 2022 have been prepared on the same non-going concern basis as the audited financial statements for the year ended 31 August 2021. They have been prepared in accordance with applicable United Kingdom accounting standards, the Authorised Collective Investment Schemes Regulations 2010, and comply with the requirement of the Statement of Recommended Practise for Authorised Funds issued by the Investment Association in May 2014 (the "SORP").
- b 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.

2. Director's interest

No Director had an interest, beneficial or non-beneficial, in the issued share capital of the Fund as at 28 February 2022 or during the period.

3. Related party disclosure

The Manager holds the Management and Nominal shares in the Fund. At the balance sheet date, £10 was owed by the Manager to the Fund in respect of the Management shares and £49,254 was owed from the Manager to the Fund in respect of Nominal shares issued in the Fund (31 August 2021: £10 and £49,158 respectively).

Fees payable to the Manager and Registrar for the six-month period ended 28 February 2022 totalled £34,664 (six-month period ended 28 February 2021: £59,169).