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## Suntera High Income Fund PLC

Unaudited Abbreviated Interim Report  
for the six month period ended 31 March 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 High Income 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 3 March 1989.

## Important information

The Unaudited Interim Financial Statements for the six-month period ended 31 March 2022 (together with the Unaudited Abbreviated Interim Report for the six-month period ended 31 March 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 income, before taxation, from a managed portfolio of fixed-interest securities, denominated in sterling and other currencies, with net income distributed on a quarterly basis.

## Investment Manager's overview for the six-month period ended 31 March 2022

### Market review

During the reporting period, the yield spread of credit over government bonds increased from 0.86% to 1.20%. This was a time when all-in yields for credit increased from 1.68% 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.

## 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.

## 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

10 May 2022

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# Comparative Table

## Change in net asset value per share

	2022* p	2021 p	2020 P
Opening net asset value per share	56.14	57.70	57.15
Return before operating charges**	(3.27)	0.21	2.51
Operating charges	(0.39)	(0.67)	(0.56)
Return after operating charges**	(3.66)	(0.46)	1.95
Distributions on preference shares	(0.51)	(1.10)	(1.40)
Closing net asset value per share	51.97	56.14	57.70

\*For the six-month period ended 31 March 2022

\*\*after direct transaction costs of

0.001	0.006	0.003
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## Performance

	2022*	2021	2020
Return after charges	(6.52)%	(0.80)%	3.41%

## Other information

	2022*	2021	2020
Closing net asset value	£12,235,759	£14,365,527	£32,344,373
Closing number of shares	23,543,386	25,586,830	56,058,278
Operating charges	0.72%	1.15%	0.98%
Direct transaction costs	0.001%	0.022%	0.005%

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

### Performance record

	Highest share price p	Lowest share price p	Net distribution per share* p
01.10.2017 to 30.09.2018	56.52	53.71	1.63
01.10.2018 to 30.09.2019	58.00	52.98	1.61
01.10.2019 to 30.09.2020	58.63	51.39	1.40
01.10.2020 to 30.09.2021	59.58	56.24	1.10
01.10.2021 to 31.03.2022	57.43	51.76	0.51

\*Net distribution 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
30 September 2020	32,344,373	56,058,278	57.70
30 September 2021	14,365,527	25,586,830	56.14
31 March 2022	12,235,759	23,543,386	51.97

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

	OCF*
30 September 2020	0.98%
30 September 2021	1.15%
31 March 2022**	1.43%

\*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 31 March 2022, annualised.

### Details of investments

	% of Fund's property 31.03.2022	% of Fund's property 30.09.2021
Government bonds	12.62	12.53
Corporate bonds	86.97	81.63
Bank balances	0.41	5.84
	<u>100.00</u>	<u>100.00</u>

### Top five holdings

Asset description	% of Fund's property 31.03.2022	Asset description	% of Fund's property 30.09.2021
1. United Kingdom Gilt 2.75% 07/09/2024	5.18	1. United Kingdom Gilt 2.75% 07/09/2024	5.93
2. United Kingdom Gilt 0.125% 31/01/2028	2.86	2. United Kingdom Gilt 0.125% 31/01/2028	2.46
3. Western Power Distribution West Midlands PLC 5.75% 16/04/2032	2.08	3. Western Power Distribution West Midlands PLC 5.75% 16/04/2032	1.89
4. Welltower Inc 4.8% 20/11/2028	1.78	4. Welltower Inc 4.8% 20/11/2028	1.59
5. Barclays PLC 3% 08/05/2026	1.77	5. Barclays PLC 3% 08/05/2026	1.57

This Unaudited Abbreviated Interim Report for the six-month period ended 31 March 2022 was approved and authorised for issue by the Manager.

**R K Corkill**  
Director

**S W Bowden**  
Director

Suntera Fund Services (IOM) Limited  
10 May 2022

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