

Suntera High Income Fund PLC

Unaudited Interim Financial Statements

for the six-month period ended 31 March 2022

Suntera High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2022

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Suntera High Income 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

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

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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") and includes the portfolio statement as part of the Manager's report. 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 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 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.

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Manager's Report (continued)

Investment Manager's overview for the six-month period ended 31 March 2022 (continued)

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:

30 September 2021	25,586,830
31 March 2022	23,543,386

Value per share

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

30 September 2021	56.14p
31 March 2022	51.97p

Portfolio statement

Portfolio details are shown on pages 6 to 8.

R K Corkill
Director

Suntera Fund Services (IOM) Limited

10 May 2022

Suntera High Income 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	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

Return after charges	(6.52)%	(0.80)%	3.41%
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Other information

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.

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.

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Comparative Table (continued)

	% of Fund's property 31.03.2022	% of Fund's property 30.09.2021
Details of investments		
Government bonds	12.62	12.53
Corporate bonds	86.97	81.63
Bank balances	0.41	5.84
	100.00	100.00

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

Suntera High Income Fund PLC

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Portfolio Statement

	Quantity 31.03.2022	Valuation £	% of Fund's property
Government Bonds			
Total Government Bonds			
United Kingdom Gilt 0.875% 22/10/2029	93,000	88,870	0.75%
United Kingdom Gilt 1.625% 22/10/2071	66,000	66,826	0.56%
United Kingdom Gilt 2.75% 07/09/2024	594,435	613,799	5.18%
United Kingdom Gilt 4.25% 07/03/2036	130,000	169,319	1.43%
United Kingdom Gilt 4.25% 07/12/2046	82,405	121,738	1.03%
United Kingdom Gilt 4.25% 07/12/2049	63,058	96,477	0.81%
United Kingdom Gilt 0.125% 31/01/2028	366,047	339,144	2.86%
		1,496,173	12.62%
			(As at 30.09.2021: 12.53%)

Corporate Bonds

Anheuser-Busch InBev SA/NV 2.85% 25/05/2037	56,000	54,435	0.46%
Aspire Defence Finance PLC 4.674% 31/03/2040	50,000	49,685	0.42%
Aspire Defence Finance PLC 4.674% 31/03/2040	112,000	111,032	0.94%
AT&T Inc 4.875% 01/06/2044	100,000	119,330	1.01%
AT&T Inc 5.2% 18/11/2033	140,000	164,473	1.39%
Athene Global Funding 1.875% 30/11/2028	156,000	142,923	1.21%
Aviva PLC 4% 06/03/2055	100,000	98,313	0.83%
Aviva PLC 6.125% Perp	80,000	80,915	0.68%
Aviva PLC 6.875% 20/05/2058	52,000	71,072	0.60%
AXA SA 6.686% Perp	74,000	81,946	0.69%
Banco Santander SA 1.5% 14/04/2026	100,000	94,209	0.79%
Bank Nederlandse Gemeenten NV 5.2% 07/12/2028	50,000	60,390	0.51%
Barclays PLC 3% 08/05/2026	211,000	209,854	1.77%
Barclays PLC 3.75% 22/11/2030	118,000	118,451	1.00%
BAT International Finance PLC 4% 04/09/2026	151,000	153,872	1.30%
BAT International Finance PLC 6% 24/11/2034	50,000	54,276	0.46%
BHP Billiton Finance Ltd 6.5% 22/10/2077	158,000	161,198	1.36%
BNP Paribas 1.25% 13/07/2031	100,000	84,957	0.72%
BP Capital Markets PLC 4.25% Perp	127,000	126,023	1.06%
British Telecommunication 6.375% 23/06/2037	50,000	62,560	0.53%
Centrica PLC 7% 19/09/2033	50,000	67,356	0.57%
Channel Link Enterprises Finance PLC 3.043% 30/06/2050	100,000	95,976	0.81%
Cie de Saint-Gobain 5.625% 15/11/2024	100,000	108,298	0.91%
Connect Plus Issuer 2.607% 31/03/2039	109,000	99,375	0.84%
Credit Suisse Group AG 2.25% 09/06/2028	147,000	138,086	1.17%
Danske Bank 2.25% 14/01/2028	100,000	95,823	0.81%
Deutsche Bank AG 1.875% 22/12/2028	200,000	182,424	1.54%
E.ON International Finance BV 6.375% 07/06/2032	104,000	134,893	1.14%
Eastern Power Networks PLC 6.25% 12/11/2036	50,000	68,485	0.58%
Electricite de France SA 5.5% 17/10/2041	100,000	128,311	1.08%
Electricite de France SA 6% 31/12/2049	100,000	102,114	0.86%
Electricite de France SA 6.125% 02/06/2034	50,000	63,817	0.54%
Enel Finance International NV 5.75% 14/09/2040	85,000	111,753	0.94%
Equity Release Funding No 3 PLC 5.05% 26/04/2033	178,000	198,378	1.67%
European Investment Bank 5% 15/04/2039	62,000	88,271	0.74%
Eversholt Funding PLC 2.742% 30/06/2040	137,000	125,639	1.06%
Gatwick Funding Ltd 5.75% 23/01/2037	100,000	121,931	1.03%

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Portfolio Statement (continued)

	Quantity 31.03.2022	Valuation £	% of Fund's property
Corporate Bonds (continued)			
GlaxoSmithKline Capital PLC 5.25% 10/04/2042	50,000	68,606	0.58%
Grainger PLC 3% 03/07/2030	100,000	94,780	0.80%
Great Rolling Stock Co Ltd/The 6.5% 05/04/2031	100,000	93,496	0.79%
Hammerson PLC 7.25% 21/04/2028	44,000	49,194	0.42%
Heathrow Funding Limited 5.875% 13/05/2041	100,000	130,659	1.10%
HSBC Bank Capital Funding Sterling 1 LP 5.844% Perp	105,000	129,689	1.09%
HSBC Holdings PLC 7% 07/04/2038	100,000	132,147	1.12%
Hutchison Whampoa Finance UK PLC 5.625% 24/11/2026	100,000	113,950	0.96%
innogy Finance BV 6.125% 06/07/2039	100,000	136,206	1.15%
Lloyds Bank PLC 2.707% 12/03/2035	173,000	158,511	1.34%
Lloyds Bank PLC 7.625% 22/04/2025	49,000	55,293	0.47%
London & Quadrant Housing Trust Ltd 3.75% 27/10/2049	100,000	113,370	0.96%
Meadowhall Finance 4.986% 12/07/2037	120,000	79,150	0.67%
MetLife Inc 5.375% 09/12/2024	149,000	159,837	1.35%
Morhomes PLC 3.4% 19/02/2038	153,000	155,749	1.31%
National Express Group Plc 2.375% 20/11/2028	100,000	95,310	0.80%
National Grid Electricity Transmissions 1.375% 16/09/2026	200,000	191,218	1.61%
Natwest Group PLC 2.057% 09/11/2028	100,000	93,836	0.79%
New York Life Global Funding 1.625% 15/12/2023	100,000	98,994	0.84%
New York Life Global Funding 1.75% 15/12/2022	100,000	100,099	0.84%
NewRiver REIT PLC 3.5% 07/03/2028	100,000	95,024	0.80%
Next PLC 4.375% 02/10/2026	183,000	194,352	1.64%
Northern Gas Networks Finance PLC 4.875% 15/11/2035	64,000	73,924	0.62%
Notting Hill Housing Trust 4.375% 20/02/2054	100,000	128,532	1.08%
Orange SA 3.25% 15/01/2032	100,000	103,812	0.88%
Orbit Capital PLC 3.5% 24/03/2045	100,000	106,919	0.90%
Peabody Capital No 2 Plc 4.625% 12/12/2053	100,000	134,263	1.13%
Pension Insurance 4.625% 05/07/2031	100,000	102,046	0.86%
Premiertel PLC 6.175% 08/05/2032	84,000	74,696	0.63%
Prudential PLC 5.56% 20/07/2055	100,000	107,759	0.91%
RMPA Services PLC 5.337% 30/09/2038	86,000	72,115	0.61%
Royal Bank of Scotland Group PLC 2.875% 19/09/2026	100,000	99,218	0.84%
Santander UK Group Holdings PLC 2.92% 08/05/2026	200,000	198,066	1.67%
Santander UK PLC 5.25% 16/02/2029	103,000	123,408	1.04%
SNCF RESEAU 4.83% 25/03/2060	118,000	182,088	1.54%
Southern Gas Networks PLC 6.375% 15/05/2040	58,000	78,263	0.66%
SP Transmission Plc 2% 13/11/2031	100,000	94,086	0.79%
Tesco Property Finance 3 PLC 5.744% 13/04/2040	50,000	55,421	0.47%
Tesco Property Finance 5.6611% 13/10/2041	100,000	114,575	0.97%
Thames Water Utilities Finance Ltd 5.125% 28/09/2037	64,000	77,671	0.66%
THFC Funding No 2 PLC 6.35% 08/07/2041	59,000	85,692	0.72%
Time Warner Cable LLC 5.75% 02/06/2031	81,000	91,861	0.78%
Total Capital International SA 1.25% 16/12/2024	84,000	81,854	0.69%
UBS Group AG 1.875% 11/03/2029	200,000	186,742	1.58%
Virgin Money UK PLC 4% 03/09/2027	150,000	153,096	1.29%
Virgin Money UK PLC 5.125% 11/12/2030	100,000	103,499	0.87%
Volkswagen Financial Services NV 2.25% 12/04/2025	61,000	59,648	0.50%
Welltower Inc 4.8% 20/11/2028	191,000	211,072	1.78%
Wessex Water Services 1.5% 17/09/2029	200,000	182,846	1.54%

Suntera High Income Fund PLC

Unaudited Interim Financial Statements for the six-month period ended 31 March 2022

Portfolio Statement (continued)

	Quantity 31.03.2022	Valuation £	% of Fund's property
Corporate Bonds (continued)			
Western Power Distribution West Midlands PLC 5.75% 16/04/2032	200,000	246,354	2.08%
Westpac Banking Corp 1% 30/06/2022	200,000	200,084	1.69%
Westpac Banking Corp 2.625% 14/12/2022	100,000	100,764	0.85%
WM Treasury 2 PLC 3.25% 20/10/2048	100,000	105,797	0.89%
Total Corporate Bonds		10,306,485	86.97%
			(As at 30.09.2021: 81.63%)
Total Bonds		11,802,658	99.59%
Bank Balances		48,672	0.41%
			(As at 30.09.2021: 5.84%)
		11,851,330	100.00%

The total purchases for the six-month period ended 31 March 2022 were £299,284 (year ended 30 September 2021: £7,084,680) and the total sale proceeds were £928,316 (year ended 30 September 2021: £24,074,678)

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Statement of Total Return

	01.10.2021 to 31.03.2022		01.10.2020 to 31.03.2021	
	£	£	£	£
Income				
Net capital losses		(1,017,183)		(605,941)
Revenue	221,068		471,461	
Expenses	<u>(95,382)</u>		<u>(156,113)</u>	
Net revenue before taxation	125,686		315,348	
Taxation	<u>-</u>		<u>-</u>	
Net revenue after taxation		<u>125,686</u>		<u>315,348</u>
Total return before distributions		(891,497)		(290,593)
Finance costs: Distributions		(125,687)		(315,347)
Change in net assets attributable to holders of participating redeemable preference shares from investment activities		<u>(1,017,184)</u>		<u>(605,940)</u>

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

	01.10.2021 to 31.03.2022		01.10.2020 to 31.03.2021	
	£	£	£	£
Opening net assets attributable to holders of participating redeemable preference shares		14,365,527		32,344,373
Amounts receivable on issue of shares	66,632		348,695	
Amount payable on cancellation of shares	<u>(1,179,216)</u>		<u>(17,148,286)</u>	
		(1,112,584)		(16,799,591)
Change in net assets attributable to holders of participating redeemable preference shares from investment activities		(1,017,184)		(605,940)
Closing net assets attributable to holders of participating redeemable preference shares		<u>12,235,759</u>		<u>14,938,842</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 11 form part of these Unaudited Interim Financial Statements.

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Unaudited Interim Financial Statements for the six-month period ended 31 March 2022

Balance Sheet

	As at 31.03.2022		As at 30.09.2021	
	£	£	£	£
Assets				
Current assets				
Investment assets		11,802,658		13,467,146
Debtors	830,871		531,262	
Cash and bank balances	<u>48,672</u>		<u>835,278</u>	
Total other assets		879,543		1,366,540
Total assets		<u>12,682,201</u>		<u>14,833,686</u>
Equity and liabilities				
Equity				
Management shares	10		10	
Nominal shares	<u>335,921</u>		<u>333,877</u>	
Total equity		335,931		333,887
Liabilities				
Creditors	50,013		64,284	
Distribution payable	<u>60,498</u>		<u>69,988</u>	
Total other liabilities		110,511		134,272
Total equity and other liabilities		<u>446,442</u>		<u>468,159</u>
Net assets attributable to holders of participating redeemable preference shares		<u>12,235,759</u>		<u>14,365,527</u>

The Unaudited Interim Financial Statements for the six-month period ended 31 March 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

10 May 2022

The notes on page 11 form part of these Unaudited Interim Financial Statements.

Suntera High Income Fund PLC

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Notes to the Financial Statements

1. Accounting policies

- a The Unaudited Interim Financial Statements for the six-month period ended 31 March 2022 have been prepared on the same non-going concern basis as the audited financial statements for the year ended 30 September 2021. They have been prepared in accordance with applicable UK accounting standards, the Authorised Collective Investment Schemes Regulations 2010, and comply with the requirement of the Statement of Recommended Practice 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 31 March 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 £335,921 was owed from the Manager to the Fund in respect of Nominal shares issued in the Fund (30 September 2021: £10 and £333,877 respectively).

Fees payable to the Manager and Registrar for the six-month period ended 31 March 2022 totalled £47,738 (six-month period ended 31 March 2021: £103,044).