

SMP Sterling Roll-Up Fund PLC

**Annual Report
&
Audited Financial Statements**

**for the year ended
31 August 2020**

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

Contents

	Page
General Information	1
Manager's Report	2 - 4
Comparative Table	5
Portfolio Statement	6 - 8
Directors' Report	9 - 10
Statement of Directors' Responsibilities in respect of the Annual Report & Audited Financial Statements	11
Statement of Total Return	12
Statement of Change in Net Assets attributable to Holders of Participating Redeemable Preference Shares	12
Balance Sheet	13
Notes to the Financial Statements	14 - 22
Independent Auditor's report to the members of SMP Sterling Roll-Up Fund PLC	23 - 25
Report of the Fiduciary Custodian	26

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

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

(Formerly SMP Fund Services 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

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

Manager's Report

Introduction

As detailed in the previous section entitled 'General Information', SMP 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 Annual Report & Audited Financial Statements for the year ended 31 August 2020 (together with the Abbreviated Annual Report for the year ended 31 August 2020 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 2020

Market review

Corporate bond returns were positive over the period, largely fuelled by falling government bond yields across developed markets. Investment-grade issues saw solid returns, while the high-yield sector was more turbulent. Covid-19 hit economies and companies in 2020, leading to fears over the creditworthiness of the high-yield sector.

Gilt yields rose in November and December 2019, driven by improving global macroeconomic data, the US and China closing in on a trade deal, and the UK general election out of the way. The mood changed abruptly in January. As the scale of China's coronavirus outbreak became apparent, markets looked at its potential effect on global growth prospects.

Boosted by a subsequent large downward move in government bond yields, returns for sterling corporate bonds were strong in January. However, they suffered in February on investors' perception of corporate bonds as higher-risk assets. Investment-grade corporate bonds were badly hit in March, faced with the double effect of the coronavirus and a precipitous fall in the oil price. High-yield and emerging-market bonds fared even worse, with the former pricing in a significant rise in default rates over the coming months. Since April, there has been a broad recovery and stabilisation. Moreover, the Federal Reserve has invested in the US credit market, with this support reverberating to sterling and euro bonds.

Although credit-market performance was strong in July, August has seen the first signs of correction. Government bond yields have begun to rise, which has partially hit credit markets. Meanwhile, US high-yield bonds outperformed investment grade issues – as low yields pushed investors towards lower-quality issues.

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

Manager's Report (continued)

Investment Manager's overview for the year ended 31 August 2020 (continued)

Performance and activity of the Fund

The Fund outperformed the market over the 12-month period. Real estate was a positive for the Fund, notably from housing associations like Peabody or London and Quadrant, but also Annington Finance, Tesco Property and the Housing Finance Corporation. However other real estate names lagged, including Meadowhall, UPP and Hammerson. Exposure to credit risk was rewarding in this period, in particular bank and insurance bonds that rallied after the UK general election.

This trend continued into early 2020, with financial sector issuers performing well, but markets fell sharply as the coronavirus took hold. Markets began to recover in May but with divergence by sector. The European Investment Bank performed poorly over the period, despite its rally early in 2020.

The Fund outperformed over the summer months, as lower-rated credit rose in the risk-positive market. The Fund's exposure to UK airport Heathrow and Gatwick rose when the government began easing lockdowns. However, Gatwick was a negative contributor over the period as a whole. Similarly, Hammerson and National Express began to recover. Long exposure to the financial sector, particularly UK banks, also contributed positively to returns. The Fund's exposure to UK government bonds, held for liquidity and duration-management purposes, detracted from returns.

In terms of activity, we added a position in AB InBev, a global brewing group, and participated in new Issues from National Express and Fidelity National Information early in the period. But as the coronavirus became recognised as a problem in early 2020, we began selling holdings with sensitivity to virus disruption. This included General Motors, whose supply chain is exposed to China, as well as travel sector issuers like Intercontinental Hotels and Heathrow. Once markets stabilised in the second quarter of 2020, we sold positions to reinvest into gilts, to improve liquidity and reduce credit risk. This included Severn Trent and EDF.

In the second quarter, we used price weakness as an opportunity to buy – including Southern Water and a new issue from BP. Recently, we trimmed our holdings in brewer AB InBev and supermarket group Morrisons, both have performed strongly over the coronavirus pandemic. Over the summer months, we added a new position in Next, which has shown resilience due to its large online business. We bought Eversholt Rail and a new issue from National Grid but sold América Móvil due to the downgrade risk.

In the financial sector, we reduced our exposure in late 2019, selling down M&G and Barclays. This continued in early 2020; we sold down HSBC in February due to political unrest in Hong Kong and mounting concern over the coronavirus. We bought a Barclays 10% 2021 bond due to its short-dated nature and high yield with low default risk, and some attractively priced Royal Bank of Canada 2026 bonds. In recent months, we have added a position in Credit Suisse and Danske Bank.

Outlook*

We remain positive on credit given that there are plenty of technical tailwinds to help markets. The Bank of England may have stopped buying for now, but there is every expectation it will have to start up again in early 2021 once markets have felt any impact from Brexit at the year-end. Sterling markets offer investors a modest real return even if all they receive is yield. On that basis, they still look attractive to international and domestic buyers alike. Lastly, many companies are now talking more about balance-sheet repair than expansion. This should help them avoid the worst impacts of a rise in Covid-19 infections and a return to stricter measures to control the spread of the virus.

**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.*

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

Manager's Report (continued)

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 2019	4,325,991
31 August 2020	3,855,492

Value per share

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

31 August 2019	433.91p
31 August 2020	443.33p

Portfolio statement

Portfolio details are shown on pages 6 to 8.

R K Corkill
Director

Suntera Fund Services (IOM) Limited

30 November 2020

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

Comparative Table

	2020	2019	2018
	p	p	p
Change in net asset value per share			
Opening net asset value per share	433.91	398.76	404.71
Return before operating charges*	14.30	39.21	(1.69)
Operating charges	(4.88)	(4.06)	(4.26)
Return after operating charges*	9.42	35.15	(5.95)
Distributions on preference shares	-	-	-
Closing net asset value per share	443.33	433.91	398.76
*after direct transaction costs of	0.04	0.03	0.08

Performance

Return after charges	2.17%	8.81%	(1.47)%
----------------------	-------	-------	---------

Other information

Closing net asset value	£ 17,092,547	£ 18,770,742	£ 19,400,964
Closing number of shares	3,855,492	4,325,991	4,865,357
Operating charges	1.13%	0.98%	1.06%
Direct transaction costs	0.008%	0.008%	0.021%

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 2016	431.57	349.41	51.35
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

*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 2018	1.06%
31 August 2019	0.98%
31 August 2020	1.13%

*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.

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

Portfolio Statement

	Quantity 31.08.2020	Valuation £	% of Fund's property
Government Bonds			
United Kingdom Gilt 0.875% 22/10/2029	316,000	334,511	1.98%
United Kingdom Gilt 4.5% 07/12/2042	282,000	494,263	2.93%
Total Government Bonds		828,774	4.91%
		(As at 31.08.2019: 1.91%)	

Corporate Bonds

ABN AMRO Bank NV 1.375% 07/06/2022	100,000	101,742	0.60%
America Movil SAB de CV 6.375% 06/09/2073	100,000	100,223	0.59%
Anheuser-Busch InBev SA/NV 2.85% 25/05/2037	62,000	67,144	0.40%
Annington Funding PLC 3.935% 12/07/2047	100,000	124,363	0.74%
Aroundtown SA 3.25% 18/07/2027	100,000	105,928	0.63%
Aspire Defence Finance PLC 4.674% 31/03/2040	180,000	215,621	1.28%
AT&T Inc 7% 30/04/2040	100,000	165,527	0.98%
Aviva PLC 4.375% 12/09/2049	115,000	127,989	0.76%
Aviva PLC 6.125% Perp	110,000	120,959	0.72%
AXA SA 5.453% Perp	100,000	115,207	0.68%
AXA SA 6.686% Perp	100,000	122,893	0.73%
Bank of America Corp 2.3% 25/07/2025	100,000	106,961	0.63%
Bank of America Corp 7% 31/07/2028	100,000	142,690	0.85%
Barclays PLC 10% 21/05/2021	72,000	76,689	0.45%
Barclays PLC 2.375% 06/10/2023	100,000	102,579	0.61%
Barclays PLC 3% 08/05/2026	107,000	114,704	0.68%
BAT International Finance PLC 2.25% 26/06/2028	100,000	100,414	0.59%
BAT International Finance PLC 4% 04/09/2026	100,000	112,454	0.67%
BAT International Finance PLC 7.25% 12/03/2024	53,000	64,173	0.38%
Berkshire Hathaway Finance 2.375% 19/06/2039	100,000	113,502	0.67%
Berkshire Hathaway FIN 2.625% 19/06/2059	100,000	121,029	0.72%
BG Energy Capital PLC 5% 04/11/2036	110,000	164,698	0.98%
BHP Billiton Finance Ltd 6.5% 22/10/2077	100,000	109,921	0.65%
BP Capital Markets PLC 2.274% 03/07/2026	102,000	110,268	0.65%
BP Capital Markets PLC 4.25% Perp	100,000	106,355	0.63%
British Land Co PLC/The 2.375% 14/09/2029	100,000	101,792	0.60%
British Telecommunication 6.375% 23/06/2037	50,000	77,567	0.46%
BUPA Finance PLC 2% 05/04/2024	100,000	103,842	0.61%
Catalyst Housing Ltd 3.125% 31/10/2047	100,000	121,788	0.72%
Centrica Plc 7% 19/09/2033	50,000	78,191	0.46%
Channel Link Enterprises Finance PLC 3.043% 30/06/2050	100,000	102,414	0.61%
Cie de Saint-Gobain 5.625% 15/11/2024	100,000	118,758	0.70%
Circle Anglia Social Housing PLC 7.25% 12/11/2038	50,000	91,985	0.54%
Citigroup Inc 1.75% 23/10/2026	100,000	103,276	0.61%
Comcast Corp 1.875% 20/02/2036	100,000	103,853	0.62%
Commonwealth Bank of Australia 1.125% 22/12/2021	120,000	121,154	0.72%
Connect Plus Issuer 2.607% 31/03/2039	100,000	108,642	0.64%
CPUK Finance Ltd 3.69% 28/08/2028	100,000	101,635	0.60%
Credit Suisse Group AG 2.125% 12/09/2025	100,000	103,405	0.61%
Danske Bank 2.25% 24/01/2028	100,000	102,101	0.60%
Deutsche Bahn Finance GMBH 3.125% 24/07/2026	150,000	171,895	1.02%
Deutsche Bank 2.625% 16/12/2024	100,000	102,373	0.61%
Digital Stout Holding LLC 3.75% 17/10/2030	128,000	152,061	0.90%
DS Smith PLC 2.875% 26/07/2029	100,000	102,644	0.61%

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

Portfolio Statement (continued)

	Quantity 31.08.2020	Valuation £	% of Fund's property
Corporate Bonds (continued)			
E.ON International Finance BV 5.875% 30/10/2037	50,000	78,394	0.46%
E.ON International Finance BV 6.375% 07/06/2032	50,000	75,084	0.44%
Eastern Power Networks PLC 6.25% 12/11/2036	90,000	148,457	0.88%
Electricite de France SA 5.125% 22/09/2050	50,000	76,124	0.45%
Electricite de France SA 5.5% 17/10/2041	100,000	149,248	0.88%
Electricite de France SA 5.875% 18/07/2031	120,000	169,424	1.00%
Electricite de France SA 6.125% 02/06/2034	100,000	148,859	0.88%
Enel Finance International NV 5.75% 14/09/2040	50,000	77,372	0.46%
Enel SpA 5.75% 22/06/2037	50,000	75,623	0.45%
Equity Release Funding No 3 PLC 5.05% 26/04/2033	190,000	237,529	1.41%
Eversholt Funding PLC 2.742% 30/06/2040	100,000	104,025	0.62%
Fidelity National Information Services Inc 2.25% 03/12/2029	150,000	158,883	0.94%
Firstgroup PLC 8.75% 08/04/2021	100,000	102,585	0.61%
Gatwick Funding Ltd 2.625% 07/10/2046	100,000	88,163	0.52%
General Electric Co 5.375% 18/12/2040	38,000	43,973	0.26%
GlaxoSmithKline Capital PLC 5.25% 10/04/2042	60,000	98,735	0.58%
Grainger Plc 3% 03/07/2030	100,000	103,313	0.61%
Great Rolling Stock Co Ltd/The 6.5% 05/04/2031	100,000	105,123	0.62%
Hammerson PLC 7.25% 21/04/2028	50,000	53,034	0.31%
HBOS Sterling Finance Jersey 7.881% Perp	50,000	77,735	0.46%
Heathrow Funding Ltd 6.45% 10/12/2031	120,000	168,293	1.00%
HSBC Bank Capital Funding Sterling 1 LP 5.844%	100,000	138,083	0.82%
HSBC Holdings PLC 2.256% 13/11/2026	100,000	103,445	0.61%
Hutchison Whampoa Finance UK PLC 5.625% 24/11/2026	100,000	127,125	0.75%
Innogy Finance BV 6.125% 06/07/2039	100,000	163,311	0.97%
Intl BK Recon & Develop 0.5% 24/07/2023	83,000	83,789	0.50%
Lloyds Bank PLC 7.625% 22/04/2025	100,000	127,783	0.76%
London & Quadrant Housing Trust Ltd 3.75% 27/10/2049	100,000	132,969	0.79%
M&G PLC 5.625% 20/10/2051	100,000	115,596	0.68%
McDonald's Corp 4.125% 11/06/2054	100,000	148,374	0.88%
Meadowhall Finance 4.986% 12/07/2037	150,000	122,096	0.72%
MetLife Inc 5.375% 09/12/2024	200,000	236,372	1.40%
Morhomes PLC 3.4% 19/02/2038	100,000	115,149	0.68%
National Express Group Plc 2.375% 20/11/2028	100,000	97,484	0.58%
National Grid Electricity Transmissions 1.125% 07/07/2026	245,000	247,659	1.47%
Nationwide Building Society 5.625% 28/01/2026	160,000	202,600	1.20%
New York Life Global Funding 1.625% 15/12/2023	100,000	103,574	0.61%
NEXT Plc 4.375% 02/10/2026	100,000	108,884	0.64%
Northern Gas Networks Finance PLC 4.875% 15/11/2035	50,000	71,109	0.42%
Northumbrian Water Finance PLC 2.375% 05/10/2027	103,000	111,695	0.66%
Offa No 1 PLC 1.855% 14/06/2050	100,000	47,249	0.28%
Orange SA 5.375% 22/11/2050	50,000	85,132	0.50%
Orbit Capital PLC 3.5% 24/03/2045	100,000	122,934	0.73%
Orstead A/S 5.75% 09/04/2040	50,000	84,078	0.50%
Peabody Capital No 2 Plc 4.625% 12/12/2053	100,000	160,133	0.95%
Precise Mortgage Funding 2018-2B PLC 1.286% 12/03/2055	100,000	57,651	0.34%
Premiertel PLC 6.175% 08/05/2032	60,000	63,979	0.38%
QBE Insurance Group Ltd 6.115% 24/05/2042	112,000	118,779	0.70%
Quadgas Finance PLC 3.375% 17/09/2029	100,000	106,183	0.63%
RMPA Services PLC 5.337% 30/09/2038	100,000	101,621	0.60%

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

Portfolio Statement (continued)

	Quantity 31.08.2020	Valuation £	% of Fund's property
Corporate Bonds (continued)			
Royal Bank of Canada 1.125% 15/12/2025	200,000	202,390	1.20%
Royal Bank of Scotland Group PLC 2.875% 19/09/2026	100,000	106,439	0.63%
Royal Bank of Scotland Group PLC 3.125% 28/03/2027	100,000	107,826	0.64%
Royal Bank of Scotland PLC/The 7.5% 29/04/2024	98,000	116,046	0.69%
RSA Insurance Group PLC 5.125% 10/10/2045	100,000	113,547	0.67%
Scania CV AB 1.875% 28/06/2022	100,000	100,585	0.60%
Scentre Group Trust 1 / Scentre Group Trust 2 2.375% 08/04/2022	150,000	151,595	0.90%
SGSPAA Australia Assets 5.125% 11/02/2021	100,000	101,886	0.60%
SNCF Reseau 4.83% 25/03/2060	130,000	244,479	1.45%
Society of Lloyd's 4.875% 02/07/2047	100,000	107,538	0.64%
Southern Water Services 3% 28/05/2037	100,000	104,513	0.62%
Stagecoach Group PLC 4% 29/09/2025	100,000	100,585	0.60%
Svenska Handelsbanken AB 1.625% 18/06/2022	205,000	209,537	1.24%
Swedbank AB 1.25% 29/12/2021	100,000	101,245	0.60%
Telereal Securitisation PLC 4.09% 10/12/2033	100,000	102,228	0.61%
Tesco Property Finance 3 PLC 5.744% 13/04/2040	50,000	64,531	0.38%
Thames Water Utilities Finance Ltd 5.125% 28/09/2037	80,000	114,462	0.68%
THFC Funding No 2 PLC 6.35% 08/07/2039	80,000	135,142	0.80%
Time Warner Cable LLC 5.75% 02/06/2031	60,000	76,647	0.45%
Total Capital International SA 1.25% 16/12/2024	95,000	98,506	0.58%
Total Capital International SA 1.405% 03/09/2031	100,000	103,792	0.61%
Transport for London 2.125% 24/04/2025	400,000	426,614	2.53%
Tritax Big Box REIT PLC 2.625% 14/12/2026	140,000	150,678	0.89%
University of Southampton 2.25% 11/04/2057	100,000	117,439	0.70%
Unite Group 3.5% 15/10/2028	100,000	104,025	0.62%
UPP Bond 1 Issuer PLC 4.902% 28/02/2040	100,000	109,312	0.65%
Verizon Communications 3.375% 27/10/2036	100,000	123,795	0.73%
Vicinity Centres Trust 3.375% 07/04/2026	100,000	105,312	0.62%
Virgin Money UK PLC 4% 03/09/2027	100,000	102,922	0.61%
Virgin Money UK PLC 3.375% 24/04/2026	100,000	100,319	0.59%
Vodafone Group PLC 5.9% 26/11/2032	100,000	147,910	0.88%
Volkswagen Financial Services NV 2.25% 12/04/2025	70,000	72,579	0.43%
Welltower Inc 4.8% 20/11/2028	100,000	116,359	0.69%
Western Power Distribution South Wales PLC 9.25% 09/11/2020	137,000	139,260	0.82%
Western Power Distribution South West PLC 5.75% 23/03/2040	100,000	163,054	0.97%
Westfield Stratford No 2 1.642% 04/08/2026	100,000	100,787	0.60%
Westpac Banking Corp 1% 30/06/2022	100,000	100,922	0.60%
Westpac Banking Corp 2.625% 14/12/2022	100,000	104,500	0.62%
Yorkshire Building Society 3.5% 21/04/2026	100,000	112,487	0.67%
Total Corporate Bonds		15,789,993	93.51%
			(As at 31.08.2019: 96.15%)
Total Bonds		16,618,767	98.42%
Bank Balances		266,554	1.58%
			(As at 31.08.2019: 1.94%)
		16,885,321	100.00%

The total purchases for the year ended 31 August 2020 were £7,256,528 (year ended 31 August 2019: £8,947,979) and the total sale proceeds were £8,836,454 (year ended 31 August 2019: £10,101,594).

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

Directors' Report

The Directors have pleasure in submitting their Annual Report & Audited Financial Statements of the Fund for the year ended 31 August 2020.

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 12. The change in net assets attributable to holders of participating redeemable preference shares from investment activities during the year was an increase of £348,275 (2019: an increase of £1,564,563).

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 Widows offshore insurance arm, CMI Insurance Company Limited (now known as RL360 Life Insurance Company Limited). He has over 35 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 is a board member of the Isle of Man Financial Services Authority, appointed in March 2016, and is 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 the Non-executive Chairman of Hansard Global plc and Hansard International Limited and a Non-executive director and Chairman of the Audit Committee of 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.

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

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 2020 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.

SMP Sterling Roll-Up Fund PLC

On behalf of the Board

R K Corkill

Director

30 November 2020

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

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 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 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 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

R K Corkill
Director

30 November 2020

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

Statement of Total Return

	Note	Year ended 31.08.2020		Year ended 31.08.2019	
		£	£	£	£
Income					
Net capital (losses)/gains	4		(31,785)		1,058,643
Revenue	5	579,660		692,677	
Expenses	6	(199,600)		(186,757)	
Net revenue before taxation		380,060		505,920	
Taxation	7	-		-	
Net revenue after taxation		380,060		505,920	
Total return before distributions		348,275		1,564,563	
Finance costs: Distributions			-		-
Change in net assets attributable to holders of participating redeemable preference shares from investment activities		348,275		1,564,563	

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

	Year ended 31.08.2020		Year ended 31.08.2019	
	£	£	£	£
Opening net assets attributable to holders of participating redeemable preference shares		18,770,742		19,400,964
Amounts receivable on issue of shares	76,099		933,424	
Amounts payable on cancellation of shares	(2,102,569)		(3,128,209)	
Change in net assets attributable to holders of participating redeemable preference shares from investment activities		348,275		1,564,563
Closing net assets attributable to holders of participating redeemable preference shares		17,092,547		18,770,742

The notes on pages 14 to 22 form part of these financial statements.

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

Balance Sheet

	Note	Year ended 31.08.2020		Year ended 31.08.2019	
		£	£	£	£
Assets					
Current assets					
Investments			16,618,767		18,257,822
Debtors	8	306,843		338,463	
Cash and bank balances	9	<u>266,554</u>		<u>362,037</u>	
Total other assets			573,397		700,500
Total assets			<u>17,192,164</u>		<u>18,958,322</u>
Equity and liabilities					
Equity					
Management shares	12	10		10	
Nominal shares	12	<u>47,609</u>		<u>47,138</u>	
Total equity			47,619		47,148
Liabilities					
Creditors	10	<u>51,998</u>		<u>140,432</u>	
Total other liabilities			51,998		140,432
Total equity and other liabilities			<u>99,617</u>		<u>187,580</u>
Net assets attributable to holders of participating redeemable preference shares			<u>17,092,547</u>		<u>18,770,742</u>

The financial statements on pages 12 to 22 were approved and authorised for issue by the Board of Directors on 30 November 2020 and signed on its behalf by:

R K Corkill
Director

S W Bowden
Director

The notes on pages 14 to 22 form part of these financial statements.

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

Notes to the Financial Statements

1. Accounting policies

- a The financial statements on pages 12 to 22 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 Association in May 2014 (the "SORP").

The financial statements have been prepared on a going concern basis, under the historic cost convention, as modified by the recognition of certain financial assets at fair value.

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.

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.

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

- 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)/gains

	31.08.2020	31.08.2019
	£	£
Non-derivative:		
Net capital (losses)/gains during the year comprise:		
Realised gain on sale of investments	321,011	99,556
Unrealised (loss)/gain on revaluation of investments	(352,796)	959,087
Net capital (losses)/gains	(31,785)	1,058,643

5. Revenue

	31.08.2020	31.08.2019
	£	£
Non-derivative:		
Interest income from investments in debt securities	579,660	692,677
Total revenue	579,660	692,677

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

Notes to the Financial Statements (continued)

6. Expenses

	31.08.2020	31.08.2019
	£	£
Payable to the Manager and Registrar		
Management fee	122,809	130,491
	<u>122,809</u>	<u>130,491</u>
Payable to the Fiduciary Custodian		
Fiduciary custodian fees	20,000	20,000
	<u>20,000</u>	<u>20,000</u>
Other expenses		
Directors' fees	16,500	13,112
Regulatory fees	2,657	2,017
Audit fees	17,100	17,280
Printing and postage	2,500	4,555
Sub custody fees	9,125	10,244
Withholding tax (net)*	748	(17,061)
Sundry expenses	8,161	6,119
	<u>56,791</u>	<u>36,266</u>
Total expenses	<u>199,600</u>	<u>186,757</u>

*The 2019 amount for withholding tax includes a successful reclaim of tax withheld in prior years.

7. Taxation

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

8. Debtors

	31.08.2020	31.08.2019
	£	£
Debtors comprise:		
Interest receivable on debt securities	254,677	287,896
Other debtors	52,166	50,567
	<u>306,843</u>	<u>338,463</u>

9. Cash

	31.08.2020	31.08.2019
	£	£
Cash and bank balances	266,554	362,037
	<u>266,554</u>	<u>362,037</u>

10. Creditors

	31.08.2020	31.08.2019
	£	£
Creditors comprise:		
Accrued fees and expenses	51,998	40,432
Due to broker	-	100,000
	<u>51,998</u>	<u>140,432</u>

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

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 1,654,749 (2019: 1,982,142). 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 17,622 (2019: 29,529) for which they paid £76,099 (2019: £118,174), and shares redeemed 345,015 (2019: 394,618) for which they received £1,482,805 (2019: £1,607,829).

At the balance sheet date, £47,609 was owed from the Manager to the Fund (2019: £47,138 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 (2019: £10) which was owed to the Fund by the Manager at 31 August 2020 and 2019.

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

	31.08.2020	31.08.2019
	£	£
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	47,138	46,598
Issued during the year	489	763
Redeemed during the year	(18)	(223)
Balance carried forward	47,609	47,138
Participating redeemable preference shares of 0.1p each		
Balance brought forward	4,326	4,866
Issued during the year	18	223
Redeemed during the year	(489)	(763)
Balance carried forward	3,855	4,326
Total issued share capital	51,474	51,474

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

Notes to the Financial Statements (continued)

12. Share capital (continued)

	31.08.2020	31.08.2019
	Number of shares	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	47,138,289	46,598,923
Issued during the year	488,121	762,258
Redeemed during the year	(17,622)	(222,892)
Balance carried forward	<u>47,608,788</u>	<u>47,138,289</u>
Participating redeemable preference shares of 0.1p each		
Balance brought forward	4,325,991	4,865,357
Issued during the year	17,622	222,892
Redeemed during the year	(488,121)	(762,258)
Balance carried forward	<u>3,855,492</u>	<u>4,325,991</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 Holding over 5%	31.08.2020	31.08.2019
RL 360 Life Insurance Company Limited	42.9%	45.8%
The J Mortimer Trust	<u>5.0%</u>	<u>4.5%</u>

13. Reserves

	31.08.2020	31.08.2019
	£	£
Share premium		
Balance brought forward	-	-
Issue of shares during the year	76,081	933,201
Redemption of shares during the year	(2,102,080)	(3,127,446)
Transfer from capital reserve	2,025,999	2,194,245
Balance carried forward	<u>-</u>	<u>-</u>

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

Notes to the Financial Statements (continued)

13. Reserves (continued)

	31.08.2020	31.08.2019
	£	£
Capital reserve		
Balance brought forward	18,766,416	19,396,098
Total return for the year	348,275	1,564,563
Transfer to share premium	(2,025,999)	(2,194,245)
Balance carried forward	17,088,692	18,766,416
	£	£
Net assets attributable to holders of participating redeemable preference shares consist of:		
Share capital - participating redeemable preference shares	3,855	4,326
Capital reserves	17,088,692	18,766,416
	17,092,547	18,770,742

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:

	31.08.2020	31.08.2019
	£	£
Financial assets at fair value through profit or loss - debt securities	16,618,767	18,257,822
Financial assets at amortised cost:		
Debtors	306,843	338,463
Cash at bank	266,554	362,037
Financial liabilities at amortised cost:		
Creditors	(51,998)	(140,432)

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.

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

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 2020	2,448,364	14,436,957	306,843	17,192,164
31 August 2019	3,061,578	15,558,281	338,463	18,958,322

At 31 August 2020, for fixed rate securities, had market interest rates strengthened by 1% (2019: 1%) the net assets attributable to holders of participating redeemable preference shares would have decreased by £1,188,162 (2019: £1,264,888).

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 2020	4.18%	12.83 years
31 August 2019	4.31%	13.29 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 difficulty 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.

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.

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

Notes to the Financial Statements (continued)

14. Financial instruments (continued)

Credit risk (continued)

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 A1 and A1+ respectively (2019: cash held with RBS and BNY Mellon had a credit rating of Baa2 and Aa2 respectively).

Credit rating analysis

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

	Market value 31.08.2020 £	Market value 31.08.2019 £
Investment grade	16,477,053	18,052,177
Non-investment grade	141,714	205,645
Total debt securities	16,618,767	18,257,822

Covid-19

The coronavirus (COVID-19) pandemic developed rapidly in 2020, with a significant number of cases globally. Measures taken by various governments to contain the virus have significantly affected economic activity, which in turn has implications for financial reporting.

The Covid-19 pandemic has resulted in significant volatility in the financial markets worldwide. Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the Fund may experience significant negative impact on the operations and profitability of the Fund's investments.

The extent of the impact to the financial performance of the Fund will depend on future developments, including (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii) the effects on the financial markets, and (iv) the effects on the economy overall; all of which are highly uncertain and cannot be predicted.

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 2020 and 31 August 2019, all of the Fund's investments were classified as Level 2.

SMP Sterling Roll-Up Fund PLC

Annual Report & Audited Financial Statements for the year ended 31 August 2020

Notes to the Financial Statements (continued)

16. Portfolio transactions

	31.08.2020	31.08.2019
	£	£
Analysis of total purchases		
Purchases in period before transaction costs	7,255,873	8,947,229
Purchase costs	655	750
Gross purchases total	<u>7,256,528</u>	<u>8,947,979</u>
Analysis of total sales		
Gross sales before transaction costs	8,837,254	10,102,429
Sales costs	(800)	(835)
Total sales net of transaction costs	<u>8,836,454</u>	<u>10,101,594</u>

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 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

Following the name change of the Manager to Suntera Fund Services (IOM) Limited, it is proposed that the name of the Fund be changed to Suntera Sterling Roll-Up Fund PLC on 4 January 2021. This will be notified to shareholders for approval at the Annual General Meeting in December 2020.

There are no other material post balance sheet events.

Independent Auditor's report to the members of SMP 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 SMP Sterling Roll-Up Fund PLC (the "Fund") as at 31 August 2020 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 2020;
- 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"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

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

Independence

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional 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.

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.

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

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.

The directors are responsible for overseeing the Fund's financial reporting process.

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 SMP 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
Sixty Circular Road
Douglas, Isle of Man

30 November 2020

SMP 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 2020 we state that, in our opinion, Suntera Fund Services (IOM) Limited managed SMP 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

30 November 2020