

# **The Sun Portfolio Fund**

Annual Report & Accounts  
for the year ended 31st January 2021



**THEESIS UNIT TRUST MANAGEMENT LIMITED**

Authorised and regulated by the Financial Conduct Authority

# The Sun Portfolio Fund

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\* These collectively comprise the Authorised Corporate Director's Report.

# The Sun Portfolio Fund

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## Management and Professional Service Providers' Details

### Authorised Corporate Director:

Thesis Unit Trust Management Limited  
Exchange Building  
St John's Street  
Chichester  
West Sussex PO19 1UP  
Tel: 01243 531 234

*Authorised and regulated by  
the Financial Conduct Authority*

### Investment Manager:

Quilter Cheviot Limited  
One Kingsway  
London WC2B 6AN

*Authorised and regulated by  
the Financial Conduct Authority*

### Dealing & Registration:

Northern Trust Global Services SE UK Branch  
PO Box 3733  
Royal Wootton Bassett  
Swindon SN4 4BG  
Tel: 0333 300 0375  
Fax: 020 7982 3924

*Authorised and regulated by  
the Financial Conduct Authority*

### Depository:

NatWest Trustee and Depository Services Limited  
House A, Floor 0  
Gogarburn  
175 Glasgow Road  
Edinburgh EH12 1HQ

*Authorised and regulated by  
the Financial Conduct Authority*

### Auditor:

Grant Thornton UK LLP  
30 Finsbury Square  
London EC2A 1AG

### Directors of the ACD:

S. R. Mugford - Finance Director  
D. W. Tyerman - Chief Executive Officer  
S. E. Noone - Client Services Director  
D. K. Mytnik - Non-Executive Director  
V. R. Smith - Non-Executive Director  
W. D. Prew - Independent Non-Executive Director  
C. J. Willson - Independent Non-Executive Director  
N. C. Palios - Non-Executive Chair

D.W. Tyerman and S.R. Mugford also hold directorships of other companies within the Thesis group and perform senior management roles within these companies, particularly Thesis Asset Management Limited, which acts as an investment manager for some authorised funds operated by the Authorised Corporate Director.

D.K. Mytnik, V.R. Smith and N.C. Palios also hold non-executive directorships of other companies within the Thesis group. They are not engaged in other business activities that are of significance to the Company. W. D. Prew is a Director of Indos Financial Limited, the primary business of which is the provision of Alternative Investment Fund Managers Directive independent depositary services to Alternative Investment Funds. Indos Financial Limited is not appointed as depositary on any alternative investment funds managed by the Authorised Corporate Director.

# The Sun Portfolio Fund

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## **Report of the Authorised Corporate Director (“ACD”)**

*for the year ended 31st January 2021*

Thesis Unit Trust Management Limited, (the “ACD”) is pleased to present the ACD’s annual report for Sun Portfolio Fund (the “Company”) for the year ended 31st January 2021.

This Company is an umbrella fund with only one sub-fund, namely Climate Assets Fund.

## **Investment Objective and Policy**

### **Climate Assets Fund**

The investment objective of the sub-fund is to provide a mixture of long term capital growth and income.

The sub-fund will aim to achieve its investment objective by utilising multi-asset allocation and multi-thematic investment on a global basis through a portfolio of transferable securities (including investment trusts), Collective Investment Schemes, deposits, money market instruments and derivatives.

The sub-fund will invest mainly in companies which will benefit from climate change, resource scarcity and population growth, and will therefore follow the theme of sustainability. The portfolio will be actively managed and normally remain fully invested save for such operational liquidity as may be required from time to time. The assets of the sub-fund will be managed in such a way that the shares in the sub-fund will be qualifying investments for Individual Savings Accounts. There will, however, be no restrictions on the underlying content of the investments held, in terms of investment type, geographical or economic sector, other than investment into other collective investment schemes, which will be restricted to 10% of the value of the sub-fund and those imposed by the Regulations. This means that the Investment Manager has the absolute discretion to weight the portfolio towards any investment type or sector, including cash, at any time provided such investment is compatible with the investment objective and policy of the sub-fund as a whole.

The use of derivatives and/or hedging transactions are permitted in connection with the efficient portfolio management of the sub-fund, and borrowing will be permitted on a temporary basis in accordance with the Regulations.

On giving 60 days notice to Shareholders, the sub-fund may, in addition to its other investment powers, use derivatives and forward transactions for investment purposes. It is not intended that the use of derivatives in this way will change the risk profile of the sub-fund.

### **Performance Comparator**

The Company uses the Investment Association Mixed Investments 40% to 85% Shares peer group for performance comparison purposes only.

The peer group has been selected as a comparator for performance because the constituents are representative of the areas in which the Company itself is likely to invest, and it is therefore an appropriate comparator for the Company's performance.

### **Impact of COVID-19**

The outbreak of the novel coronavirus (COVID-19), declared by the World Health Organisation as a pandemic on 11th March 2020, has caused disruption to businesses and economic activity which has been reflected in global stock markets. The ACD is monitoring developments relating to COVID-19 and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, UK government and general pandemic response best practice.

There are no material events that have been identified that may cast significant doubt about the Company’s ability to continue as a going concern for at least the next twelve months from the date these financial statements are authorised for issue. The financial statements have been prepared on a going concern basis.

# The Sun Portfolio Fund

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**Report of the Authorised Corporate Director (“ACD”)**  
*for the year ended 31st January 2021 (continued)*

**Impact of COVID-19 (continued)**

This assessment is made as at the date of issue of these financial statements and is based additionally on the following:

- a. the ability, post the announcement of the World Health Organisation of the COVID-19 pandemic, of the ACD and its third party suppliers to continue business as usual as each entity moved their operational functionality from an office based to a working from home environment; and
- b. whilst it is recognised that COVID-19 presents many challenges from an investment perspective, it is considered that these do not impact the ability of the Company to continue as a going concern due to its liquid balance sheet resources that are considerably in excess of annual operating expenditure.

Thesis Unit Trust Management Limited  
Authorised Corporate Director  
5th May 2021

# The Sun Portfolio Fund

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## Report of the Investment Manager

*for the year ended 31st January 2021*

### Market Commentary

While global equities fell sharply at the start of the year due to the spread of COVID-19 infections outside China, defensive asset classes performed well. Government bond prices rose as central banks aggressively cut interest rates and restarted quantitative easing. However, corporate bonds posted disappointing returns as the interest rate that investors demand to hold corporate debt over government debt increased.

With the exception of gold, commodity prices fell sharply over the first quarter due to the prospect of reduced demand from weaker economic activity. Oil, in particular, was hit by a perfect storm. The agreement between OPEC and Russia to constrain supply broke down, leaving higher supply amidst weaker demand as governments imposed quarantines to beat the virus and airlines sharply curtailed flights. As a result, the price of oil (Brent crude) fell to \$24 per barrel, down from more than \$60 per barrel at the start of the year.

After a period of rising volatility running into the US Presidential election in November, a decisive outcome combined with further rounds of monetary and fiscal stimulus measures, as well as positive vaccine news, resulted in a strong year-end equity rally - ending with the FTSE World Index at an all-time high. The long-awaited Brexit trade deal was finally agreed, positive news but likely to add frictional trade costs and some supply chain disruptions. The coronavirus relief package in the US will provide financial assistance to households and small businesses.

Stock prices recovered remarkably well throughout the rest of the year. One of the surprising things for many over the course of the period is how strong gold, a classic 'risk-off' asset, has been. Global interest rates are near zero and no central bank is talking about raising them for at least the next year. Unless we have deflation for that entire period, we will have negative real interest rates, i.e. inflation above the interest rate. That is historically a good environment for gold. US technology stocks have been the standout winner from the recession and lockdowns with eye-watering gains for the year. UK equities continued to lag but showed positive signs towards the end of the year – more a reflection of the industrial profile of companies within the index than the economy itself.

Global GDP is estimated to have declined by 4% in 2020, with a significant gap between the advanced (-5.4%) and emerging economies (-2.2%). Consumer services were particularly hit during the pandemic and were still contracting in the third quarter, so while economic recovery can be expected in 2021, it will likely be mid-2022 before the global economy regains 2019 output levels, let alone recovers back to trend. Short-term estimates are little changed with the positive vaccine news being largely offset by unknown second and third wave impacts and higher long-term unemployment. Where China leads the recovery and the US will likely follow, timelines for the Euro area and the UK have been extended.

### Fund Manager Comments

During the period under review, the Fund returned +5.95% (Retail B Sterling Accumulation, net of fees) against the comparator's – IA Mixed Investment 40%-85% Shares – return of +5.31%.

Source: Financial Express, all total returns in sterling terms.

We ended the year overweight equities but at this juncture we only advocated a marginal overweight stance recognizing that markets have rallied hard and valuations are looking above cycle average – however, we still prefer equities over bonds and cash.

We saw extreme market volatility across global equity markets throughout 2020, the scale of these moves, however, were not fully reflected within the Climate Assets Fund. The fund has proved resilient, on relative terms, generally due to its diversified portfolio which invests across a wide range of asset classes and international markets, but also on a stock specific basis as it does not own oil and gas, hospitality, airlines or other sectors that are most vulnerable to COVID-19 and slowing economic growth. Strong stock selection also continues to add value.

During the period we sold the long-standing position in Kingspan due to company culture concerns emerging from the Grenfell inquiry. We had concerns about Kingspan's corporate culture and decided to divest whilst we monitor this complex situation. We also sold our holdings in Alcon and Ferguson.

# The Sun Portfolio Fund

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## Report of the Investment Manager

*for the year ended 31st January 2021 (continued)*

### Fund Manager Comments *(continued)*

We initiated on three holdings towards the end of 2020 and into 2021: EDP Renovavies (EDPR), Taiwan Semiconductor Manufacturing Company (TSMC) and VH Global Sustainable Energy Opportunities.

- EDPR is a Portuguese based utility and one of the few listed renewable pure plays in Europe. However, we started a modest position of over 1% as it is owned mostly by EDP and free float is reduced to c.16% of the shares issue (equivalent to under euro 2bn). Driven by energy demand and carbon emission targets, renewable energy capacity needs to increase by more than ten times by 2050, thus EDPR is well placed to benefit.
- TSMC is the largest independent manufacturer of tech chips in the world, 3x its largest competitor. The company leads in the most advanced technology, allowing it to have the lowest cost and most efficient chips. End market TSMC products are used in smartphones, datacentre, Internet of things/wearables and automotive and it is gaining market share in an already consolidating market. The company is constantly expanding its customer list and expanding its product lines. 5G (handsets & Telecom equipment) as well as cloud datacentre is driving growth and the company is set to benefit greatly from these trends.
- VH Global Sustainable Energy Opportunities's philosophy aims to tackle structural gaps in global energy markets through owning assets which are focused on accelerating energy transition. The company focuses on the less competed for midmarket assets and is expected to be diversified across technologies and countries. Assets are categorised within four themes: Addressing Climate Change, Energy Access, Energy Efficiency and Market Liberalisation.

During the period, companies exhibiting consistent 'growth' characteristics once again outperformed cheap 'value' despite some signs of rotation at the end of the year. European equities contributed strongly to returns followed by American equities. Thermo Fisher Scientific, EDPR and Schneider Electric were particularly strong contributors to returns during the period whilst SABESP, Ferguson and Compass Group were detractors. It is also worth noting that as an event risk precaution, we retain our position in gold.

### Market Outlook

The magnitude of the economic collapse, the policy response and the launch of vaccine programmes have set the scene for a significant recovery in 2021. While equities continue to look the best value as bond yields are so low, a degree of caution appears warranted with sentiment and positioning indicators suggesting over-euphoria at the prospect of the start of a new economic cycle.

A successful rollout of the various vaccines should allow most economies to function closer to normal by the second half of the year. Central banks remain committed to keeping interest rates low in order to give economic recovery time to bed in. A robust pick-up in prospects for the second half of the year should also allow corporate profits to bounce back, particularly in sectors badly impacted by the virus.

# The Sun Portfolio Fund

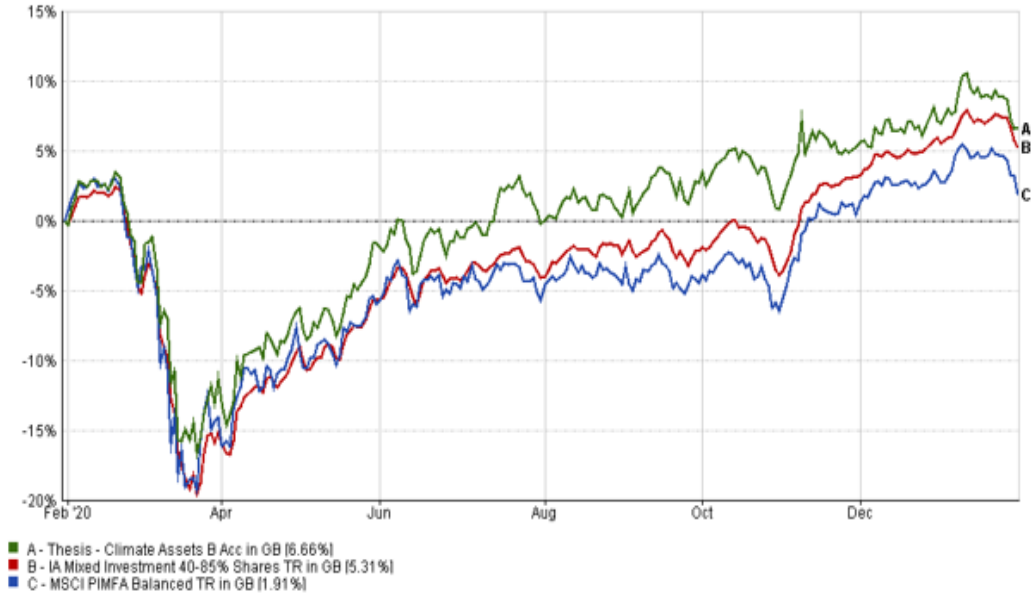
Report of the Investment Manager  
for the year ended 31st January 2021 (continued)

Market Outlook (continued)

Quilter Cheviot Investment Management

18<sup>th</sup> February 2021

Claudia Quiroz, Investment Adviser to the Fund



31/01/2020 - 29/01/2021 Data from FE fundinfo 2021

Quilter Cheviot Limited  
Investment Manager  
28th April 2021



# The Sun Portfolio Fund

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## **Constitution**

The Sun Portfolio Fund (the “Company”) is an Investment Company with variable capital (“ICVC”) incorporated in England and Wales with the number IC000782 with effect from 17th September 2009, under the Open Ended Investment Companies Regulations 2001 (S12001/1228) (OEIC Regulations). It is a UCITS Scheme which complies with the Collective Investment Schemes sourcebook (“COLL Rules”) issued by the Financial Conduct Authority (“FCA”) and structured as an umbrella company. The Shareholders are not liable for the debts of the Company.

The base currency of the Company is Pounds Sterling.

Currently, the Company has one sub-fund available, Climate Assets Fund.

## **Regulatory Disclosure**

This document has been issued by Thesis Unit Trust Management Limited (authorised and regulated by the Financial Conduct Authority).

Past performance is not necessarily a guide to future performance. The value of shares can go down as well as up and is not guaranteed. Changes in rates of exchange may also cause the value of shares to fluctuate. Any references in this report to other investments held within this Company should not be read as a recommendation to the investor to buy and sell the same, but are included as illustration only.

# The Sun Portfolio Fund

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## Remuneration Disclosures *(unaudited)*

The provisions of the UCITS V Directive took effect on 18th March 2016. That legislation requires the Thesis Unit Trust Management Limited (the “ACD”), to establish and maintain remuneration policies for its staff which are consistent with and promote sound and effective risk management and do not encourage risk taking that is inconsistent with the risk profile and the instrument of incorporation of the Company nor impair compliance with the ACD’s duty to act in the best interest of the Company.

The ACD is part of a larger group within which remuneration policies are the responsibility of a Remuneration Committee comprised entirely of non-executive directors. That committee has established a remuneration policy which sets out a framework for determining the level of fixed and variable remuneration of staff, including maintaining an appropriate balance between the two.

Arrangements for variable remuneration within the group are calculated primarily by reference to the performance of each individual and the profitability of the relevant business unit. The performance of individuals working on the business of the ACD is assessed primarily by reference to non-financial criteria, especially the effectiveness of their oversight monitoring of delegates appointed to perform investment advisory or fund administration services for the Company.

Within the group, all staff are employed by the parent company with none employed directly by the ACD. A number of staff are considered, however, to devote the whole of their time to the business of the ACD and its subsidiary, TUTMAN LLP, which also acts as an Authorised Fund Manager. The costs of a number of other individuals are allocated between the entities within the group based on the expected amount of time devoted to each.

The total remuneration of those individuals considered to comprise the entire staff of the ACD and its subsidiary, including those whose time is allocated between group entities, for the financial year ended 30th April 2020, is analysed below:

Fixed Remuneration	£ 856,753
Variable Remuneration	86,788
<b>Total</b>	<b>943,541</b>
Headcount (FTE)	16

The staff members included in the above analysis support the entirety of the funds managed by the ACD. A breakdown of these figures in relation to each fund managed by the ACD does not exist.

Management have carried out a review of the general principles within the remuneration policy and the implementation of the remuneration policy during the year and following this review, no changes have been considered necessary.

## Certification of Annual Report & Accounts by Directors

In accordance with the requirements of the Open-Ended Investment Companies Regulations 2001 (the “OEIC Regulations”) and the Collective Investment Schemes sourcebook (“COLL Rules”), we hereby certify this Annual Report & Accounts on behalf of the ACD, Thesis Unit Trust Management Limited.

D.W. TYERMAN                      Director

S. E. NOONE                         Director

5th May 2021

# The Sun Portfolio Fund

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## **Responsibilities of the Authorised Corporate Director (“ACD”)**

The Open-Ended Investment Companies Regulations 2001 (the "OEIC Regulations") and the Collective Investment Schemes sourcebook (“COLL Rules”) published by the FCA requires the ACD to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of the net revenue and net capital gains/losses on the property of the Company for the year.

In preparing the financial statements, the ACD is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland and the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association (now known as The Investment Association) in May 2014 and amended in June 2017;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or terminate the sub-fund, or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

Thesis Unit Trust Management Limited  
Authorised Corporate Director  
West Sussex  
5th May 2021

# The Sun Portfolio Fund

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## Statement of the Depositary's Responsibilities and Report of the Depositary to the Shareholders of The Sun Portfolio Fund (the "Company") for the Year Ended 31st January 2021

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the "OEIC Regulations"), as amended, the Financial Services and Markets Act 2000, as amended, (together the "Regulations"), the Company's Instrument of Incorporation and Prospectus (together the "Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager (the "AFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

NatWest Trustee and Depositary Services Limited  
Edinburgh  
5th May 2021

# The Sun Portfolio Fund

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## Independent Auditor's Report to the Shareholders of The Sun Portfolio Fund

### Opinion

We have audited the financial statements of The Sun Portfolio Fund (the "Company") for the year ended 31st January 2021. These financial statements comprise the Statement of Accounting Policies and Risk Management Policies and the financial statements of the following sub-fund of the Company:

- Climate Assets Fund (the "sub-fund")

The financial statements of the sub-fund comprise the statement of total return, the statement of change in net assets attributable to shareholders, the balance sheet, notes to the financial statements and the distribution tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and the sub-fund as at 31st January 2021 and of the net revenue and net capital gains/(losses) on the scheme property of the Company and the sub-fund for the year then ended, and
- have been properly prepared in accordance with the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014, the Collective Investment Schemes sourcebook, and the Company's Instrument of Incorporation.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Authorised Corporate Director's 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease or continue as a going concern.

In our evaluation of the Authorised Corporate Directors' conclusions, we considered the inherent risks associated with the Company's and the sub-fund's business model including effects arising from macro-economic uncertainties such as Brexit and COVID-19, we assessed and challenged the reasonableness of estimates made by the Authorised Corporate Director and the related disclosures and analysed how those risks might affect the Company's and the sub-fund's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's and the sub-fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Authorised Corporate Director with respect to going concern are described in the 'Responsibilities of the Authorised Corporate Director' section of this report.

# The Sun Portfolio Fund

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## Independent Auditor's Report to the Shareholders of The Sun Portfolio Fund *(continued)*

### Other information

The Authorised Corporate Director is responsible for the other information. The other information comprises the information included in the annual report & accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### Opinion on other matters prescribed by the Collective Investment Schemes sourcebook

In our opinion:

- we have been given all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit, and
- the information given in the Authorised Corporate Director's Report (which comprises: on page 2, the Management and Professional Service Providers' Details; on page 3, the Report of the Authorised Corporate Director; on page 5, the Report of the Investment Manager; on page 8, the Constitution; on page 19, the Portfolio Statement; on page 32, the Synthetic Risk and Reward Indicator) is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the Company or a sub-fund have not been kept, or
- the financial statements are not in agreement with those accounting records.

### Responsibilities of the Authorised Corporate Director

As explained more fully in the Responsibilities of the Authorised Corporate Director, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Authorised Corporate Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and the sub-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 Authorised Corporate Director either intends to terminate a sub-fund, wind up the Company or to cease operations, or has no realistic alternative but to do so.

### 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# The Sun Portfolio Fund

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## Independent Auditor's Report to the Shareholders of The Sun Portfolio Fund *(continued)*

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and industry in which it operates. We determined that the following laws and regulations were most significant: Collective Investment Schemes Sourcebook, Investment Association Statement of Recommended Practice and UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. We enquired of management to obtain an understanding of how the Company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the breaches register. We did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Company's operations, including the nature of its revenue sources, and of its objective to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement
  - the Company's control environment, including the policies and procedures implemented to mitigate risks of fraud or non-compliance with the relevant laws and regulations
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the Company operates
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included checking completeness of journal entries and identifying and testing journal entries, in particular manual journal entries processed at the year-end for financial statements preparation. We also reviewed the financial statements disclosures and the corresponding supporting documentation.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

### **Use of our report**

This report is made solely to the Company's shareholders, as a body, in accordance with regulation 67(2) of the Open-Ended Investment Companies Regulations 2001, and with Rule 4.5.12 of the Collective Investment Schemes sourcebook. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London, United Kingdom  
5th May 2021



# The Sun Portfolio Fund

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## The Sun Portfolio Fund

### Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 31st January 2021

#### 1. Statement of Compliance

The financial statements have been prepared in accordance with the United Kingdom Generally Accepted Accounting Practice (UK GAAP), as defined within the UK Financial Reporting Standard (FRS 102) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' (the "SORP"), issued by the Investment Management Association (now known as the Investment Association) in May 2014 and amended in June 2017.

#### 2. Summary of Significant Accounting Policies

##### a) Basis of Preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The principal accounting policies which have been applied consistently are set out below.

##### b) Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Pounds Sterling, which is the Company's functional and presentation currency rounded to the nearest £'000 or as stated otherwise.

##### c) Valuation of Investments

Quoted investments are valued at bid-market value as at close of business on the last working day of the accounting year, net of any accrued interest which is included in the balance sheet as accrued revenue. Where values cannot be readily determined, the securities are valued at the ACD's best assessment of their fair value. Purchases and sales are recognised when a legally binding and unconditional right to obtain, or an obligation to deliver, an asset or liability arises.

Collective investment schemes operated by the ACD are valued at their cancellation price for dual priced funds and their single price for single priced funds. Other Collective Investment Schemes are valued at their bid price for dual priced funds and their single price for single priced funds.

All realised and unrealised gains and losses on investments are recognised as net capital gains/(losses) in the Statement of Total Return. Unrealised gains and losses comprise changes in the fair value of investments for the year and from reversal of prior year's unrealised gains and losses for investments which were realised in the accounting year. Realised gains and losses represent the difference between an instrument's initial carrying amount and disposal amount.

##### d) Foreign Exchange

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the rates of exchange ruling as at 12 noon on the last working day of the accounting year.

##### e) Revenue

Revenue from quoted equity and non-equity shares is recognised when the security is quoted ex-dividend as a gross amount of any withholding taxes but excludes any other taxes such as attributable tax credits. Bank interest and other revenue are recognised on an accruals basis.

Distributions from collective investment schemes are recognised in the property when the security is quoted ex-dividend. Management fee rebates from underlying collective investment schemes are accounted for on an accruals basis. Management fee rebates, where applicable, are included in revenue or net capital gains dependent upon the original treatment of management fees in the underlying collective investment scheme.

Ordinary stock dividends are recognised wholly as revenue and are based on the market value of the shares on the date they are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares (on the date they are quoted ex-dividend) exceeds the cash dividend is taken to capital.

Special dividends are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature. Where there is evidence to treat all or some of such receipts as revenue, such amounts are recognised as dividend revenue of the Company. Any tax treatment would follow the accounting treatment of the principal amount.

Interest on debt securities is recognised on an accruals basis, taking into account the effective yield on the investment. The effective yield basis amortises any discount or premium on the purchase of a debt security over its remaining life.



# The Sun Portfolio Fund

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## The Sun Portfolio Fund

### Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 31st January 2021 (continued)

#### 2. Summary of Significant Accounting Policies (continued)

##### e) Revenue (continued)

Income distributions from UK Real Estate Investment Trusts (“UK REITs”) is split into two parts, a Property Income Distribution (“PID”) made up of rental revenue and a non-PID element, consisting of non-rental revenue. The PID element is subject to corporation tax as Schedule A revenue, while the non-PID element is treated as franked revenue.

##### f) Expenses

For accounting purposes, all expenses (other than those relating to the purchase and sale of investments) are charged against the capital for the year on an accruals basis.

##### g) Taxation

Corporation tax is provided at the rate of 20% of taxable revenue after the deduction of allowable expenses. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax. Deferred tax assets are recognised only to the extent that the ACD considers that it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

#### 3. Distribution Policies

##### a) Basis of Distribution

When appropriate, the Company will allocate any surplus net revenue as a dividend distribution. Distributions of income of the Company are made on or before the annual income allocation date and on or before the interim income allocation date, where applicable, in each year. The income available for distribution is determined in accordance with COLL. It comprises all revenue received or receivable for the account of the Company in respect of the accounting year concerned, after deducting net charges and expenses paid or payable out of such revenue.

All expenses on the sub-fund are charged to capital and, therefore debited to the capital property of the sub-fund. Where expenses are transferred to capital for distribution purposes this will increase the amount of revenue for distribution, this will however erode capital and may constrain capital growth.

Marginal tax relief is not taken into account in determining the distribution where a transfer is made between the revenue and capital of the same share class.

##### b) Distribution from Collective Investment Schemes

The first distributions received from investments in collective investment schemes may include an element of equalisation which represents the average amount of revenue included in the price paid for shares. The equalisation is treated as a return of capital for taxation purposes and does not carry a tax credit.

##### c) Equalisation

Equalisation received from the underlying investments has been treated as a reduction in the book cost of the investments and not distributed.

##### d) Unclaimed distributions

All distributions unclaimed for a period of six years after having become due for payment shall be forfeited and shall revert to the capital of the Company in accordance with COLL.

#### 4. Risk Management Policies

##### *Market price risk*

Market risk is the risk that the fair value or future cash flows from financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates or underlying investment prices. The Company can be exposed to market risk by virtue of its investment into equities and other financial instruments. The Company may also from time to time utilise derivatives for efficient portfolio management and for hedging purposes. These instruments may be volatile, involve certain special risks and can expose investors to a risk of loss. When used for hedging purposes there may be an imperfect correlation between these instruments and the investment or market sectors being hedged, although this basis of risk will be monitored and any material breakdown in correlation can generally be corrected by delta hedging the position or liquidation.

Market price risk is managed through active portfolio management.

# The Sun Portfolio Fund

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## The Sun Portfolio Fund

### Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 31st January 2021 (continued)

#### 4. Risk Management Policies (continued)

##### *Foreign currency risk*

Foreign currency risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

The majority of the Company's portfolio is invested in overseas securities and the balance sheet can be affected by movements in foreign exchange rates. The Investment Manager seeks to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies.

Revenue received in other currencies is converted to Sterling on the date of receipt.

##### *Interest rate risk*

Interest rate risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in interest rates.

The Company invests in fixed and floating rate securities. The revenue of the Company may be affected by changes to interest rates relevant to particular securities or as a result of the Investment Manager being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed rate securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

The Company invests in collective investment schemes which do not pay interest. However, some of the underlying collective investment scheme investments may be directly or indirectly exposed to interest rate risk.

In general, if interest rates rise, the income potential of the Company also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Company). A decline in interest rates will in general have the opposite effect.

Due to the nature of the investments held, the risk to the Company is insignificant and is therefore not actively managed.

##### *Liquidity risk*

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. The main liability of the Company is the redemption of any shares that investors wish to sell.

##### *Credit risk*

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Company. To the extent that a counterparty defaults on its obligation and the Company is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. The Company's maximum exposure to credit risk (not taking account of the value of any collateral or other securities held) in the event that counterparties fail to perform their obligations as of 31st January 2021 in relation to each class of recognised financial assets including derivatives, is the carrying amount of those assets in the balance sheet.

#### **Exposure**

Exposure to market risk is calculated using the "commitment approach" methodology. In relation to Position Risk (concentration), this approach involves converting derivative positions into the equivalent positions of the underlying assets. The commitment approach is a simplistic way of identifying the level of exposure that a Company has through derivatives to the underlying equities, bonds, commodities, currencies etc. However, it does have its limitations and therefore is only used as long as the use of derivatives by the Company is "non-sophisticated".

#### **Objectives, policies and processes for managing risks**

The risks identified above are subject to management and monitoring through the ACD's Risk Management Programme. The principal objectives of the programme are:

- To ensure that all risks are identified and monitored, and that preventive or mitigating actions are implemented
- To assess, review and challenge current and emerging risks
- To minimise the risk of loss to investors
- To administer the Company in a manner which complies with COLL and the SORP

# The Sun Portfolio Fund

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## The Sun Portfolio Fund

### Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 31st January 2021 (continued)

#### 4. Risk Management Policies (continued)

The ACD has built a Funds Oversight Programme which comprises a range of rolling independent checks including the specific use of derivatives. The results of the programme are reported to the Investment Committee with escalation through to the Operating Committee and the ACD Board. Results of the Funds Oversight Programme are made available to the Depositary as part of their audit programme on the ACD and are also collated into a pack for review and analysis by the Investment Committee on a monthly basis.

There have not been any changes from the prior year.

#### Methods used to measure risks

##### *Market price risk*

The following checks are also performed as part of the Funds Oversight Programme on a daily basis as follows: limit breaches or positions approaching limits; leverage; eligibility; global exposure; counterparty exposure; collateral cover; OTC pricing check; fair value pricing.

##### *Liquidity risk*

Liquidity risk is controlled through monitoring the liquidity of all instruments used in the context of the investment objectives and liquidity requirements of the Company. Cash positions are monitored and reported to ensure the Company has sufficient capacity to meet obligations arising from investment in financial derivative positions.

Procedures are in place to review the Company's weightings to ensure liquidity requirements will be met in the event of extreme market movements to meet the obligation at expiry/ maturity. The process involves at least daily assessment of any impending cash liability to ensure sufficient cash can be raised to cover such liability when it falls due.

The Company's liquidity is also monitored through a daily check, which assesses the Company's ability to liquidate the portfolio within one working day. Any portfolio that has less than 60% liquidity is marked as a higher risk, and details are reported to the Fund Risk committee, and are then monitored for significant changes either to the Company's makeup, and/or shares being traded in the Company. This liquidity check is stress tested on assumptions of reduced market liquidity. The full process for this check is documented and is available upon request.

##### *Credit risk*

In order to manage credit risk, the ACD undertakes a cash management check on the Company, testing for any negative balances and balances in excess of £1m. Any balances highlighted are discussed with the Investment Manager to ensure that the Company does not take on any unnecessary counterparty risk with the relevant bank and that the strategy is being adhered to.

As the Company did not hold any derivative positions as at 31st January 2021, it did not have any exposure to counterparties through the use of derivatives.

# The Sun Portfolio Fund

## Climate Assets Fund

### Portfolio Statement

as at 31st January 2021

Holdings	Market value £	Percentage of total net assets %
<b>EQUITIES 73.17% (77.48%)</b>		
<b>Brazil 1.02% (1.91%)</b>		
294,795 Cia de Saneamento	1,598,830	1.02
<b>Denmark 1.24% (1.95%)</b>		
38,432 Novo Nordisk 'B'	1,951,303	1.24
<b>France 3.39% (4.08%)</b>		
31,898 Schneider Electric	3,409,902	2.17
98,031 Veolia Environnement	1,910,412	1.22
	<b>5,320,314</b>	<b>3.39</b>
<b>Germany 6.16% (4.07%)</b>		
49,436 Fresenius SE & Co	1,607,271	1.03
136,900 Infineon Technologies	4,005,459	2.55
64,030 KION Group	4,040,085	2.58
	<b>9,652,815</b>	<b>6.16</b>
<b>Guernsey 3.21% (4.13%)</b>		
2,388,769 John Laing Environmental Assets Group	2,735,140	1.75
1,805,376 Renewables Infrastructure Group	2,292,828	1.46
	<b>5,027,968</b>	<b>3.21</b>
<b>Ireland 4.12% (5.55%)</b>		
17,106 Linde	3,055,287	1.95
35,149 Medtronic	2,850,763	1.82
13,905 Pentair	551,821	0.35
	<b>6,457,871</b>	<b>4.12</b>
<b>Japan 5.72% (5.13%)</b>		
48,500 Daiseki	1,118,925	0.71
24,000 East Japan Railway	1,148,479	0.73
13,000 FANUC	2,473,081	1.58
34,100 Horiba	1,620,880	1.04
162,700 Kubota	2,602,037	1.66
	<b>8,963,402</b>	<b>5.72</b>
<b>Jersey 2.97% (2.96%)</b>		
25,230 Aptiv	2,454,398	1.57
2,166,647 Foresight Solar	2,199,147	1.40
	<b>4,653,545</b>	<b>2.97</b>

# The Sun Portfolio Fund

## Climate Assets Fund

### Portfolio Statement

as at 31st January 2021 (continued)

Holdings	Market value £	Percentage of total net assets %
<b>Netherlands 2.35% (2.78%)</b>		
92,880 Koninklijke Philips	3,691,510	2.35
<b>Spain 1.39% (0.00%)</b>		
110,000 EDP Renovaveis	2,183,540	1.39
<b>Switzerland 3.96% (5.31%)</b>		
3,357 Geberit	1,501,576	0.96
44,384 Novartis	2,931,331	1.87
9,211 Schindler Holding	1,779,010	1.13
	<b>6,211,917</b>	<b>3.96</b>
<b>Taiwan 1.73% (0.72%)</b>		
78,701 Delta Electronics	578,777	0.37
83,195 Giant Manufacturing	590,169	0.38
17,346 Taiwan Semiconductor Manufacturing ADR	1,535,825	0.98
	<b>2,704,771</b>	<b>1.73</b>
<b>United Kingdom 11.00% (13.90%)</b>		
113,484 Compass Group	1,486,640	0.95
530,717 DS Smith	1,931,279	1.23
2,208,319 Greencoat UK Wind	3,020,980	1.93
162,122 Halma	4,001,171	2.55
81,538 National Grid	693,073	0.44
47,307 Persimmon	1,206,802	0.77
113,794 Smiths Group	1,614,168	1.03
70,000 United Utilities	645,400	0.41
2,643,527 VH Global Sustainable Energy Opportunities	2,643,527	1.69
	<b>17,243,040</b>	<b>11.00</b>
<b>United States 24.91% (24.99%)</b>		
33,791 Advanced Micro Devices	2,108,797	1.35
40,517 American Water Works	4,693,214	2.99
40,000 Ares Management	1,316,810	0.84
17,138 Ecolab	2,551,710	1.63
31,207 Emerson Electric	1,804,219	1.15
7,719 Essex Property Trust	1,347,252	0.86
7,000 Rockwell Automation	1,267,072	0.81
68,359 Sonoco Products	2,885,250	1.84
12,572 Thermo Fisher Scientific	4,666,615	2.98
28,682 Union Pacific	4,126,670	2.63
62,987 Waste Management	5,109,486	3.26
16,042 Waters	3,093,797	1.97

# The Sun Portfolio Fund

## Climate Assets Fund

### Portfolio Statement

as at 31st January 2021 (continued)

Holdings	Market value £	Percentage of total net assets %
<b>United States (continued)</b>		
57,957 Xylem	4,077,861	2.60
	<b>39,048,753</b>	<b>24.91</b>
<b>TOTAL EQUITIES</b>		
	<b>114,709,579</b>	<b>73.17</b>
<b>DEBT SECURITIES 12.69% (13.83%)</b>		
<b>Corporate Bonds 4.50% (4.95%)</b>		
<b>United Kingdom 4.19% (4.95%)</b>		
GBP 304,500 A2D Funding 4.75% 18/10/2022	322,339	0.20
GBP 934,700 A2D Funding II 4.50% 30/09/2026	1,087,880	0.69
GBP 1,615,000 BUPA Finance 2.00% 05/04/2024	1,689,790	1.08
GBP 600,000 Motability Operations Group 4.375% 08/02/2027	730,559	0.47
GBP 922,000 National Grid Electricity Transmission 1.375% 16/09/2026	955,070	0.61
GBP 588,000 Places for People Homes 3.625% 22/11/2028	687,431	0.44
GBP 1,000,000 Places for People Treasury 2.875% 17/08/2026	1,094,922	0.70
	<b>6,567,991</b>	<b>4.19</b>
<b>United States 0.31% (0.00%)</b>		
GBP 465,000 Comcast 1.50% 20/02/2029	480,475	0.31
	<b>7,048,466</b>	<b>4.50</b>
<b>Total Corporate Bonds</b>		
	<b>7,048,466</b>	<b>4.50</b>
<b>Government Bonds 8.19% (8.88%)</b>		
<b>United Kingdom 8.19% (8.88%)</b>		
GBP 2,500,000 UK Gilt 1.50% 22/07/2047	2,862,405	1.83
GBP 1,741,000 UK Gilt 1.75% 07/09/2037	2,021,660	1.29
GBP 983,025 UK Gilt 4.25% 07/03/2036	1,495,005	0.95
GBP 1,782,640 UK Gilt 4.50% 07/12/2042	3,090,937	1.97
GBP 210,105 UK Gilt 4.75% 07/12/2030	300,110	0.19
GBP 858,054 UK Gilt Inflation-Linked 0.125% 22/03/2024	1,147,311	0.73
GBP 1,112,488 UK Gilt Inflation-Linked 0.125% 22/11/2036	1,924,845	1.23
	<b>12,842,273</b>	<b>8.19</b>
<b>Total Government Bonds</b>		
	<b>12,842,273</b>	<b>8.19</b>
<b>TOTAL DEBT SECURITIES</b>		
	<b>19,890,739</b>	<b>12.69</b>

# The Sun Portfolio Fund

## Climate Assets Fund

### Portfolio Statement

as at 31st January 2021 (continued)

Holdings	Market value £	Percentage of total net assets %
<b>COLLECTIVE INVESTMENT SCHEMES 5.31% (4.39%)</b>		
<b>Ireland 3.06% (2.21%)</b>		
18,263 Invesco Physical Gold	2,394,097	1.53
90,576 iShares Physical Gold ETC GBP	2,395,735	1.53
	<b>4,789,832</b>	<b>3.06</b>
<b>Jersey 0.00% (2.18%)</b>		
<b>United Kingdom 2.25% (0.00%)</b>		
2,881,530 Royal London Ethical Bond Fund	3,535,637	2.25
	<b>8,325,469</b>	<b>5.31</b>
<b>TOTAL COLLECTIVE INVESTMENT SCHEMES</b>		
<b>REAL ESTATE INVESTMENT TRUST 4.14% (1.07%)</b>		
<b>United Kingdom 4.14% (1.07%)</b>		
3,687,793 Assura	2,666,275	1.70
264,879 Segro	2,521,648	1.61
704,468 Tritax Big Box REIT	1,297,630	0.83
	<b>6,485,553</b>	<b>4.14</b>
	<b>6,485,553</b>	<b>4.14</b>
<b>TOTAL REAL ESTATE INVESTMENT TRUST</b>		
	<b>149,411,340</b>	<b>95.31</b>
<b>Net investments 95.31% (96.77%)</b>		
Net other assets	7,355,152	4.69
	<b>156,766,492</b>	<b>100.00</b>
<b>Total net assets</b>		

Note: Comparative figures shown in brackets relate to 31st January 2020.

# The Sun Portfolio Fund

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## Climate Assets Fund

### Sub-fund Information

The Comparative Tables on pages 24 to 31 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the year-end published price.

Portfolio transaction costs are incurred when investments are bought or sold by a sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

### Assessment of Value *(unaudited)*

A statement on the Assessment of Value will be available for all applicable funds managed by Thesis Unit Trust Management Limited. This report will be published at [www.tutman.co.uk](http://www.tutman.co.uk) within four months of the annual accounting reference date.



# The Sun Portfolio Fund

## Climate Assets Fund

### Sub-fund Information *(continued)*

#### Comparative Tables

##### *A Income*

	<i>31/01/2020<sup>1</sup></i> <i>(pence per share)</i>	<i>31/01/2019</i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>		
Opening net asset value per share	153.76	157.39
Return before operating charges*	1.37	2.58
Operating charges	(0.03)	(2.63)
Return after operating charges*	1.34	(0.05)
Distributions on income shares	–	(3.58)
Last net asset value per share	155.10	–
Closing net asset value per share	–	153.76
*After direct transaction costs of :	0.04	0.02
<b>Performance</b>		
Return after charges	0.87%	(0.03)%
<b>Other Information</b>		
Closing net asset value (£'000)	–	212
Closing number of shares	–	137,783
Operating charges <sup>2</sup>	1.69%	1.70%
Direct transaction costs	0.00%	0.02%
<b>Prices</b>		
Highest share price	156.40	161.80
Lowest share price	154.60	148.20

<sup>1</sup> Share class was fully redeemed on 11th February 2019.

<sup>2</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures.

# The Sun Portfolio Fund

## Climate Assets Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### A Accumulation

	<i>31/01/2020<sup>1</sup></i> <i>(pence per share)</i>	<i>31/01/2019</i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>		
Opening net asset value per share	194.03	194.18
Return before operating charges*	1.59	3.12
Operating charges	(0.02)	(3.27)
Return after operating charges*	1.57	(0.15)
Distributions	–	(4.43)
Retained distributions on accumulation shares	–	4.43
Last net asset value per share	195.60	–
Closing net asset value per share	–	194.03
*After direct transaction costs of :	0.03	0.03
<b>Performance</b>		
Return after charges	0.81%	(0.08)%
<b>Other Information</b>		
Closing net asset value (£'000)	–	561
Closing number of shares	–	289,283
Operating charges <sup>2</sup>	1.69%	1.70%
Direct transaction costs	0.00%	0.02%
<b>Prices</b>		
Highest share price	197.20	202.30
Lowest share price	195.00	182.80

<sup>1</sup> Share class was fully redeemed on 11th February 2019.

<sup>2</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures.

# The Sun Portfolio Fund

## Climate Assets Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### *B Sterling Income*

	<i>31/01/2021</i> <i>(pence per share)</i>	<i>31/01/2020</i> <i>(pence per share)</i>	<i>31/01/2019</i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	194.29	169.38	172.51
Return before operating charges*	13.88	31.02	2.84
Operating charges	(2.44)	(2.22)	(2.04)
Return after operating charges*	11.44	28.80	0.80
Distributions on income shares	(3.18)	(3.89)	(3.93)
Closing net asset value per share	202.55	194.29	169.38
 *After direct transaction costs of :	 0.17	 0.15	 0.03
<b>Performance</b>			
Return after charges	5.89%	17.00%	0.46%
<b>Other Information</b>			
Closing net asset value (£'000)	35,171	24,591	20,307
Closing number of shares	17,364,252	12,657,174	11,988,701
Operating charges <sup>1</sup>	1.25%	1.19%	1.20%
Direct transaction costs	0.09%	0.08%	0.02%
<b>Prices</b>			
Highest share price	213.20	199.70	178.00
Lowest share price	162.30	169.90	162.60

<sup>1</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

In line with the Investment Association's "Disclosure of Fund Charges and Costs" circular published on July 2020, the OCF quoted for the year ended 31st January 2021 includes costs associated with investment in Packaged Retail and Insurance-based Investment Products (PRIIPs) that were previously excluded from the OCF calculation.

# The Sun Portfolio Fund

## Climate Assets Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### *B Sterling Accumulation*

	<i>31/01/2021</i> <i>(pence per share)</i>	<i>31/01/2020</i> <i>(pence per share)</i>	<i>31/01/2019</i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	211.53	180.75	179.96
Return before operating charges*	15.27	33.18	2.94
Operating charges	(2.68)	(2.40)	(2.15)
Return after operating charges*	12.59	30.78	0.79
Distributions	(3.48)	(4.17)	(4.12)
Retained distributions on accumulation shares	3.48	4.17	4.12
Closing net asset value per share	224.12	211.53	180.75
*After direct transaction costs of :	0.19	0.16	0.03
<b>Performance</b>			
Return after charges	5.95%	17.03%	0.44%
<b>Other Information</b>			
Closing net asset value (£'000)	99,723	52,825	26,560
Closing number of shares	44,494,961	24,972,745	14,694,655
Operating charges <sup>1</sup>	1.25%	1.19%	1.20%
Direct transaction costs	0.09%	0.08%	0.02%
<b>Prices</b>			
Highest share price	234.20	215.80	188.00
Lowest share price	176.60	181.20	169.50

<sup>1</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

In line with the Investment Association's "Disclosure of Fund Charges and Costs" circular published on July 2020, the OCF quoted for the year ended 31st January 2021 includes costs associated with investment in Packaged Retail and Insurance-based Investment Products (PRIIPs) that were previously excluded from the OCF calculation.

# The Sun Portfolio Fund

## Climate Assets Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### *C Sterling Income*

	<i>31/01/2021</i> <i>(pence per share)</i>	<i>31/01/2020</i> <i>(pence per share)</i>	<i>31/01/2019</i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	189.28	164.69	167.41
Return before operating charges*	13.52	30.17	2.74
Operating charges	(1.99)	(1.80)	(1.65)
Return after operating charges*	11.53	28.37	1.09
Distributions on income shares	(3.10)	(3.78)	(3.81)
Closing net asset value per share	197.71	189.28	164.69
*After direct transaction costs of :	0.17	0.14	0.03
<b>Performance</b>			
Return after charges	6.09%	17.23%	0.65%
<b>Other Information</b>			
Closing net asset value (£'000)	13,246	12,738	10,398
Closing number of shares	6,699,676	6,729,462	6,313,390
Operating charges <sup>1</sup>	1.05%	0.99%	1.00%
Direct transaction costs	0.09%	0.08%	0.02%
<b>Prices</b>			
Highest share price	208.10	194.50	172.70
Lowest share price	158.10	165.20	157.80

<sup>1</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

In line with the Investment Association's "Disclosure of Fund Charges and Costs" circular published on July 2020, the OCF quoted for the year ended 31st January 2021 includes costs associated with investment in Packaged Retail and Insurance-based Investment Products (PRIIPs) that were previously excluded from the OCF calculation.

# The Sun Portfolio Fund

## Climate Assets Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### *C Sterling Accumulation*

	<i>31/01/2021</i> <i>(pence per share)</i>	<i>31/01/2020</i> <i>(pence per share)</i>	<i>31/01/2019</i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	242.19	206.54	205.23
Return before operating charges*	17.58	37.93	3.35
Operating charges	(2.60)	(2.28)	(2.04)
Return after operating charges*	14.98	35.65	1.31
Distributions	(4.00)	(4.76)	(4.70)
Retained distributions on accumulation shares	4.00	4.76	4.70
Closing net asset value per share	257.17	242.19	206.54
*After direct transaction costs of :	0.22	0.18	0.03
<b>Performance</b>			
Return after charges	6.19%	17.26%	0.64%
<b>Other Information</b>			
Closing net asset value (£'000)	8,626	2,018	1,337
Closing number of shares	3,354,360	833,252	647,488
Operating charges <sup>1</sup>	1.05%	0.99%	1.00%
Direct transaction costs	0.09%	0.08%	0.02%
<b>Prices</b>			
Highest share price	268.70	247.10	214.70
Lowest share price	202.30	207.10	193.40

<sup>1</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

In line with the Investment Association's "Disclosure of Fund Charges and Costs" circular published on July 2020, the OCF quoted for the year ended 31st January 2021 includes costs associated with investment in Packaged Retail and Insurance-based Investment Products (PRIIPs) that were previously excluded from the OCF calculation.

# The Sun Portfolio Fund

## Climate Assets Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

*X Sterling Inc*

	<i>31/01/2019<sup>1</sup></i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>	
Opening net asset value per share	98.30
Return before operating charges*	4.22
Operating charges	(0.13)
Return after operating charges*	4.09
Distributions on income shares	(1.39)
Last net asset value per share	101.00
Closing net asset value per share	–
 *After direct transaction costs of :	 0.01
<b>Performance</b>	
Return after charges	4.16%
<b>Other Information</b>	
Closing net asset value (£'000)	–
Closing number of shares	–
Operating charges <sup>1</sup>	0.20%
Direct transaction costs	0.02%
<b>Prices</b>	
Highest share price	101.90
Lowest share price	92.72

<sup>1</sup> Share class became inactive on 3rd October 2018.

<sup>2</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

In line with the Investment Association's "Disclosure of Fund Charges and Costs" circular published on July 2020, the OCF quoted for the year ended 31st January 2021 includes costs associated with investment in Packaged Retail and Insurance-based Investment Products (PRIIPs) that were previously excluded from the OCF calculation.

# The Sun Portfolio Fund

## Climate Assets Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### *X Sterling Accumulation*

	<i>31/01/2019<sup>1</sup></i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>	
Opening net asset value per share	98.29
Return before operating charges*	4.24
Operating charges	(0.13)
Return after operating charges*	4.11
Distributions	(1.40)
Retained distributions on accumulation shares	1.40
Last net asset value per share	102.40
Closing net asset value per share	–
*After direct transaction costs of :	0.01

### Performance

Return after charges	4.18%
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### Other Information

Closing net asset value (£'000)	–
Closing number of shares	–
Operating charges <sup>1</sup>	0.20%
Direct transaction costs	0.02%

### Prices

Highest share price	103.30
Lowest share price	92.73

<sup>1</sup> Share class became inactive on 3rd October 2018.

<sup>2</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

In line with the Investment Association's "Disclosure of Fund Charges and Costs" circular published on July 2020, the OCF quoted for the year ended 31st January 2021 includes costs associated with investment in Packaged Retail and Insurance-based Investment Products (PRIIPs) that were previously excluded from the OCF calculation.



# The Sun Portfolio Fund

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## Climate Assets Fund

### Sub-fund Information *(continued)*

#### Synthetic Risk and Reward Indicator (“SRRI”)

**Lower Risk**

Typically lower rewards

**Higher Risk**

Typically higher rewards



The SRRI table demonstrates where a sub-fund ranks in terms of risk and reward. The higher the risk the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the risk profile of the sub-fund. The shaded area on the table above shows the sub-fund's ranking on the risk and reward indicator.

# The Sun Portfolio Fund

## Climate Assets Fund

### Statement of Total Return

for the year ended 31st January 2021

	Notes	£'000	2021 £'000	£'000	2020 £'000
Income					
Net capital gains	5		7,461		10,480
Revenue	7	1,985		1,610	
Expenses	8	(1,324)		(887)	
Interest payable and similar charges		(2)		–	
Net revenue before taxation		659		723	
Taxation	9	(129)		(81)	
Net revenue after taxation for the year			530		642
<b>Total return before distributions</b>			<b>7,991</b>		<b>11,122</b>
Distributions	10		(1,854)		(1,529)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>6,137</b>		<b>9,593</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st January 2021

	Note	£'000	2021 £'000	£'000	2020 £'000
<b>Opening net assets attributable to shareholders</b>			<b>92,172</b>		<b>59,375</b>
Amounts receivable on issue of shares		76,245		38,606	
Amounts payable on cancellation of shares		(19,204)		(16,307)	
			<b>57,041</b>		<b>22,299</b>
Change in net assets attributable to shareholders from investment activities			<b>6,137</b>		<b>9,593</b>
Retained distribution on accumulation shares	10		<b>1,416</b>		<b>905</b>
<b>Closing net assets attributable to shareholders</b>			<b>156,766</b>		<b>92,172</b>

# The Sun Portfolio Fund

## Climate Assets Fund

### Balance Sheet

as at 31st January 2021

	Notes	2021 £'000	2020 £'000
<b>Assets</b>			
Fixed assets:			
Investments		149,411	89,195
Current assets:			
Debtors	11	1,720	1,019
Cash and bank balances		11,114	3,154
<b>Total assets</b>		<b>162,245</b>	<b>93,368</b>
<b>Liabilities</b>			
Creditors:			
Bank overdrafts		(8)	(37)
Distribution payable	10	(341)	(273)
Other creditors	12	(5,130)	(886)
<b>Total liabilities</b>		<b>(5,479)</b>	<b>(1,196)</b>
<b>Net assets attributable to shareholders</b>		<b>156,766</b>	<b>92,172</b>

# The Sun Portfolio Fund

## Climate Assets Fund

### Notes to the Financial Statements for the year ended 31st January 2021

#### 1. Accounting Policies

The accounting, distribution and risk management policies for notes 1 to 4 are provided on pages 15 to 18.

#### 5. Net Capital Gains

Net capital gains comprise:

	2021 £'000	2020 £'000
Non-derivative securities	7,485	10,517
Currency losses	(21)	(35)
Transaction charges	(3)	(2)
Net capital gains	<u>7,461</u>	<u>10,480</u>

#### 6. Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs, please refer to the additional portfolio transaction cost information on page 23.

##### Analysis of direct transaction costs for the year ended 31st January 2021:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Debt Securities	10,450	–	–	10,450	–	–
Collective Investment Schemes	12,551	–	–	12,551	–	–
Equities	55,175	–	99	55,274	–	0.18
	<u>78,176</u>	–	99	<u>78,275</u>		
<b>Sales</b>						
Debt Securities	3,344	–	–	3,344	–	–
Collective Investment Schemes	8,390	–	–	8,390	–	–
Equities	15,552	–	(5)	15,547	–	0.03
	<u>27,286</u>	–	(5)	<u>27,281</u>		
<hr/>						
Derivative purchases and sales		–	–			
<hr/>						
Total cost as percentage of average net asset value		–%	0.09%			

# The Sun Portfolio Fund

## Climate Assets Fund

### Notes to the Financial Statements

for the year ended 31st January 2021 (continued)

#### 6. Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 31st January 2020:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Debt Securities	4,534	–	–	4,534	–	–
Collective Investment Schemes	1,005	–	–	1,005	–	–
Equities	27,543	–	54	27,597	–	0.20
	<u>33,082</u>	<u>–</u>	<u>54</u>	<u>33,136</u>		
<b>Sales</b>						
Debt Securities	750	–	–	750	–	–
Equities	9,384	–	(4)	9,380	–	0.04
	<u>10,134</u>	<u>–</u>	<u>(4)</u>	<u>10,130</u>		
Derivative purchases and sales		–	–			
Total cost as percentage of average net asset value		–%	0.08%			

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.16% (31st January 2020: 0.13%), based on close of business prices. 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.

#### 7. Revenue

	2021 £'000	2020 £'000
Franked PID revenue	72	50
Franked UK dividends	283	237
Interest on debt securities	171	188
Offshore CIS interest revenue	26	–
Overseas dividends	1,334	1,079
Unfranked CIS revenue	7	–
Unfranked PID revenue	92	56
	<u>1,985</u>	<u>1,610</u>

# The Sun Portfolio Fund

## Climate Assets Fund

### Notes to the Financial Statements

for the year ended 31st January 2021 (continued)

#### 8. Expenses

	2021 £'000	2020 £'000
<b>Payable to the ACD or associates of the ACD:</b>		
ACD's periodic charge	1,142	729
	<u>1,142</u>	<u>729</u>
<b>Payable to the Depository or associates of the Depository:</b>		
Depository's fee	36	24
Safe custody charges	19	13
	<u>55</u>	<u>37</u>
<b>Other expenses:</b>		
Audit fees <sup>1</sup>	11	10
Calastone fees	19	12
Euroclear fees	6	8
Legal fees	–	1
Printing fees	6	4
Professional fees	–	17
Registration fees	85	69
	<u>127</u>	<u>121</u>
<b>Total expenses</b>	<u><u>1,324</u></u>	<u><u>887</u></u>

<sup>1</sup> Total audit fees of £8,914 (31st January 2020: £8,489), exclusive of VAT.

# The Sun Portfolio Fund

## Climate Assets Fund

### Notes to the Financial Statements

for the year ended 31st January 2021 (continued)

#### 9. Taxation

	2021 £'000	2020 £'000
<b>a) Analysis of charge for the year:</b>		
Corporation tax	–	–
Overseas withholding tax	129	81
<b>Total current taxation</b>	<b>129</b>	<b>81</b>
Deferred tax charge	–	–
<b>Total taxation</b>	<b>129</b>	<b>81</b>
<b>b) Factors affecting taxation charge for the year:</b>		
Net revenue before taxation	659	723
Net revenue multiplied by the standard rate of corporation tax of 20% (2020: 20%)	132	144
Effects of:		
Double taxation relief	(3)	(2)
Excess management expenses not utilised	194	123
Franked UK dividends	(57)	(46)
Indexed gilt edged securities adjustment	(3)	(3)
Non-taxable overseas dividends	(248)	(199)
Overseas withholding tax	129	81
Franked PID revenue	(15)	(11)
Tax due to timing differences	–	(6)
<b>Total tax charge (note 9a)</b>	<b>129</b>	<b>81</b>
<b>c) Deferred tax</b>		
Deferred tax charge (note 9a)	–	–
Provision at start of year	–	–
<b>Provision at end of year</b>	<b>–</b>	<b>–</b>

The sub-fund has not recognised a deferred tax asset of £766,545 (31st January 2020: £572,978) arising as a result of having unutilised management expenses. The unutilised management expenses will only be recovered to the extent that the sub-fund has sufficient future taxable revenue.

# The Sun Portfolio Fund

## Climate Assets Fund

### Notes to the Financial Statements

for the year ended 31st January 2021 (continued)

#### 10. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Interim distribution	376	478
Interim accumulation	658	506
Final distribution	341	273
Final accumulation	758	399
	<u>2,133</u>	<u>1,656</u>
Add: Revenue deducted on shares cancelled	104	83
Deduct: Revenue received on shares created	<u>(383)</u>	<u>(210)</u>
<b>Net distribution for the year</b>	<u><u>1,854</u></u>	<u><u>1,529</u></u>

#### Reconciliation between net revenue and distribution

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Net revenue after taxation	530	642
Add: Expenses allocated to capital	<u>1,324</u>	<u>887</u>
	<u><u>1,854</u></u>	<u><u>1,529</u></u>

#### 11. Debtors

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Accrued revenue	168	152
Amount receivable for issue of shares	1,292	805
Overseas tax recoverable	58	62
Sales awaiting settlement	202	–
	<u>1,720</u>	<u>1,019</u>

#### 12. Other creditors

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Accrued expenses	186	108
Amount payable for cancellation of shares	533	40
Purchases awaiting settlement	<u>4,411</u>	<u>738</u>
	<u><u>5,130</u></u>	<u><u>886</u></u>



# The Sun Portfolio Fund

## Climate Assets Fund

### Notes to the Financial Statements

for the year ended 31st January 2021 (continued)

#### 13. Related Parties

Thesis Unit Trust Management Limited is regarded as a related party by virtue of having the ability to act in respect of the operations of the sub-fund in its capacity as the ACD.

Thesis Unit Trust Management Limited acts as principal on all the transactions of shares in the sub-fund. The aggregate monies received through creations and liquidations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Thesis Unit Trust Management Limited in respect of share transactions at the year end are disclosed within notes 11 and 12 as applicable.

Amounts paid to Thesis Unit Trust Management Limited in respect of the ACD's periodic charges and if any rebates received are disclosed in note 8. £131,253 (31st January 2020: £77,421) is the amount payable at the year end.

Thesis Unit Trust Management Limited did not enter into any other transactions with the sub-fund during the year.

#### 14. Equalisation

Equalisation is accrued income included in the price of shares purchased during the accounting year, which, after using monthly groupings to average, is refunded as part of a shareholder's first distribution, resulting in the same rate of distribution on all shares. As a capital repayment, it is not liable to income tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

#### 15. Contingent Assets, Liabilities and Outstanding Commitments

There are no contingent assets, liabilities and outstanding commitments as at 31st January 2021 (31st January 2020: £Nil).

#### 16. Share Classes

The distribution per share class is given in the distribution tables on pages 45 and 46. All classes have the same rights on winding up.

The sub-fund currently has the following active share classes, and the ACD's service charge rate on each share class is as follows:

B Sterling Income	1.00%
B Sterling Accumulation	1.00%
C Sterling Income	0.80%
C Sterling Accumulation	0.80%

The following table shows the shares in issue during the year:

Share Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
B Sterling Income	12,657,174	6,155,158	(1,448,080)	–	17,364,252
B Sterling Accumulation	24,972,745	25,982,062	(6,459,846)	–	44,494,961
C Sterling Income	6,729,462	972,795	(1,002,581)	–	6,699,676
C Sterling Accumulation	833,252	2,874,586	(353,478)	–	3,354,360

#### 17. Financial Instruments

In pursuing its investment objective set out on page 3, the sub-fund holds a number of financial instruments. These may comprise:

- equity shares, non-equity shares, shares in collective investment vehicles, fixed income securities and floating rate securities. These are held in accordance with the sub-fund's investment objective and policies;
- cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- shareholders' funds which represent investors' monies which are invested on their behalf; and
- borrowings used to finance investment activity.

# The Sun Portfolio Fund

## Climate Assets Fund

### Notes to the Financial Statements

for the year ended 31st January 2021 (continued)

#### 18. Risks Disclosures

- *Market price risk* - risk management policies surrounding this risk are discussed in note 4 on pages 16 to 18.

At 31st January 2021, if the price of the investments held by the sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £7,470,567 (31st January 2020: £4,459,773).

- *Foreign currency risk* - risk management policies surrounding this risk are discussed in note 4 on pages 16 to 18.

At the year end date, a portion of the net assets of the sub-fund were denominated in currencies other than Sterling with the effect that the balance sheet and total return can be affected by exchange rate movements. These net assets consist of the following:

#### Foreign currency exposure as at 31st January 2021:

Currency	Monetary	Non	Total
	Exposures	Monetary	
	2021	Exposures	2021
	£'000	£'000	£'000
Danish kroner	18	1,951	1,969
Euro	37	23,904	23,941
Japanese yen	29	8,964	8,993
Pound sterling	27,120	39,280	66,400
Swiss franc	40	6,212	6,252
Taiwan dollar	–	1,169	1,169
US dollar	2	48,040	48,042
	<b>27,246</b>	<b>129,520</b>	<b>156,766</b>

#### Foreign currency exposure as at 31st January 2020:

Currency	Monetary	Non	Total
	Exposures	Monetary	
	2020	Exposures	2020
	£'000	£'000	£'000
Danish kroner	15	1,797	1,812
Euro	22	14,367	14,389
Japanese yen	–	4,725	4,725
Pound sterling	15,663	21,509	37,172
Swiss franc	41	4,894	4,935
Taiwan dollar	–	661	661
US dollar	(17)	28,495	28,478
	<b>15,724</b>	<b>76,448</b>	<b>92,172</b>

At 31st January 2021, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £903,659 (31st January 2020: £550,007).

# The Sun Portfolio Fund

## Climate Assets Fund

### Notes to the Financial Statements

for the year ended 31st January 2021 (continued)

#### 18. Risks Disclosures (continued)

- *Interest rate risk* - risk management policies surrounding this risk are discussed in note 4 on pages 16 to 18.

#### Interest rate risk profile of financial assets as at 31st January 2021:

Currency	Floating Rate	Fixed Rate	Financial Assets	Total
	Financial		Not Carrying	
	Assets		Interest	
	2021	2021	2021	2021
	£'000	£'000	£'000	£'000
Danish kroner	–	–	1,951	1,951
Euro	37	–	23,904	23,941
Japanese yen	8	–	8,964	8,972
Pound sterling	14,141	16,819	39,280	70,240
Swiss franc	–	–	6,212	6,212
Taiwan dollar	–	–	1,169	1,169
US dollar	–	–	48,040	48,040
	<b>14,186</b>	<b>16,819</b>	<b>129,520</b>	<b>160,525</b>

#### Interest rate risk profile of financial assets as at 31st January 2020:

Currency	Floating Rate	Fixed Rate	Financial Assets	Total
	Financial		Not Carrying	
	Assets		Interest	
	2020	2020	2020	2020
	£'000	£'000	£'000	£'000
Danish kroner	–	–	1,797	1,797
Euro	36	–	14,367	14,403
Japanese yen	–	–	4,725	4,725
Pound sterling	5,236	10,629	21,509	37,374
Swiss franc	–	–	4,894	4,894
Taiwan dollar	–	–	661	661
US dollar	–	–	28,495	28,495
	<b>5,272</b>	<b>10,629</b>	<b>76,448</b>	<b>92,349</b>

# The Sun Portfolio Fund

## Climate Assets Fund

### Notes to the Financial Statements

for the year ended 31st January 2021 (continued)

#### 18. Risks Disclosures (continued)

##### Interest rate risk profile of financial liabilities as at 31st January 2021:

	Floating Rate Financial Liabilities 2021 £'000	Financial Liabilities Not Carrying Interest 2021 £'000	Total 2021 £'000
Currency			
Japanese yen	(8)	–	(8)
	(8)	–	(8)

##### Interest rate risk profile of financial liabilities as at 31st January 2020:

	Floating Rate Financial Liabilities 2020 £'000	Financial Liabilities Not Carrying Interest 2020 £'000	Total 2020 £'000
Currency			
Euro	(20)	–	(20)
US dollar	(17)	–	(17)
	(37)	–	(37)

Short term debtors and creditors are excluded in the interest rate risk tables above.

The sub-fund's net cash holdings of £11,105,769 (31st January 2020: £3,116,461) are held in floating rate deposit accounts, whose rates are determined by reference to LIBOR or an international equivalent borrowing rate.

- *Credit risk* - risk management policies surrounding this risk are discussed in note 4 on pages 16 to 18.

The portfolio at the year end has been analysed into the credit ratings as shown below:

Credit Quality	2021 £'000	2020 £'000
Investment grade debt securities	19,891	12,747
Below investment grade debt securities	–	–
Unrated debt securities	–	–
Other investments	129,520	76,448
	<b>149,411</b>	<b>89,195</b>

# The Sun Portfolio Fund

## Climate Assets Fund

### Notes to the Financial Statements

for the year ended 31st January 2021 (continued)

#### 18. Risks Disclosures (continued)

- *Fair value* - in the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Valuation technique as at 31st January 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets</b>				
Equities	121,195	–	–	121,195
Debt Securities	12,842	7,049	–	19,891
Collective Investment Schemes	4,790	3,535	–	8,325
	<b>138,827</b>	<b>10,584</b>	<b>–</b>	<b>149,411</b>
Valuation technique as at 31st January 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets</b>				
Equities	72,396	–	–	72,396
Debt Securities	8,188	4,559	–	12,747
Collective Investment Schemes	4,052	–	–	4,052
	<b>84,636</b>	<b>4,559</b>	<b>–</b>	<b>89,195</b>

Level 1: The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3: Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

#### 19. Leverage

There are two ways in which the ACD can introduce leverage to the sub-fund. These are by borrowing money using its overdraft facility, and by investing in derivative positions. Neither of these are important features in terms of how the ACD manages the sub-fund. There are no collateral, asset re-use or guarantee arrangements involved in the ACD's current approach to leverage.

The maximum leverage calculated on the commitment method permitted is 100%. It is expected that the ACD will operate the sub-fund well within these limits. The 'commitment' method is the sum of the absolute value of all positions and each derivative position (excluding forward currency positions) will be converted into the equivalent position in the underlying assets. The ACD sets maximum leverage levels and operates the sub-fund within these levels at all times.

The sub-fund has not employed significant leverage in the current year or prior year.

#### 20. Post Balance Sheet Events

The latest NAV per Class B Sterling Accumulation of 233.64p as at the close of business on 30th April 2021 had increased by 4.25% compared to the NAV at the year end of 224.12p.

# The Sun Portfolio Fund

## Climate Assets Fund

### Distribution Tables

for the year ended 31st January 2021

#### Interim Distribution B Sterling Income (in pence per share)

Group 1: Shares purchased prior to 1st February 2020

Group 2: Shares purchased from 1st February 2020 to 31st July 2020

Group	Net Income	Equalisation (note 14)	2020 Net Distribution Paid	2019 Net Distribution Paid
1	1.7565	–	1.7565	2.4658
2	0.6012	1.1553	1.7565	2.4658

#### Interim Accumulation B Sterling Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st February 2020

Group 2: Shares purchased from 1st February 2020 to 31st July 2020

Group	Net Accumulation	Equalisation (note 14)	2020 Net Accumulation	2019 Net Accumulation
1	1.9135	–	1.9135	2.6326
2	0.7992	1.1143	1.9135	2.6326

#### Interim Distribution C Sterling Income (in pence per share)

Group 1: Shares purchased prior to 1st February 2020

Group 2: Shares purchased from 1st February 2020 to 31st July 2020

Group	Net Income	Equalisation (note 14)	2020 Net Distribution Paid	2019 Net Distribution Paid
1	1.7121	–	1.7121	2.3963
2	0.8954	0.8167	1.7121	2.3963

#### Interim Accumulation C Sterling Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st February 2020

Group 2: Shares purchased from 1st February 2020 to 31st July 2020

Group	Net Accumulation	Equalisation (note 14)	2020 Net Accumulation	2019 Net Accumulation
1	2.1978	–	2.1978	3.0068
2	0.9180	1.2798	2.1978	3.0068

# The Sun Portfolio Fund

## Climate Assets Fund

### Distribution Tables

for the year ended 31st January 2021 (continued)

#### Final Distribution B Sterling Income (in pence per share)

Group 1: Shares purchased prior to 1st August 2020

Group 2: Shares purchased from 1st August 2020 to 31st January 2021

Group	Net Income	Equalisation (note 14)	2021 Net Distribution Paid	2020 Net Distribution Paid
1	1.4269	–	1.4269	1.4211
2	0.5324	0.8945	1.4269	1.4211

#### Final Accumulation B Sterling Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st August 2020

Group 2: Shares purchased from 1st August 2020 to 31st January 2021

Group	Net Accumulation	Equalisation (note 14)	2021 Net Accumulation	2020 Net Accumulation
1	1.5680	–	1.5680	1.5379
2	0.5359	1.0321	1.5680	1.5379

#### Final Distribution C Sterling Income (in pence per share)

Group 1: Shares purchased prior to 1st August 2020

Group 2: Shares purchased from 1st August 2020 to 31st January 2021

Group	Net Income	Equalisation (note 14)	2021 Net Distribution Paid	2020 Net Distribution Paid
1	1.3916	–	1.3916	1.3837
2	0.5737	0.8179	1.3916	1.3837

#### Final Accumulation C Sterling Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st August 2020

Group 2: Shares purchased from 1st August 2020 to 31st January 2021

Group	Net Accumulation	Equalisation (note 14)	2021 Net Accumulation	2020 Net Accumulation
1	1.7987	–	1.7987	1.7570
2	0.6040	1.1947	1.7987	1.7570



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