

# **The Sun Portfolio Fund**

*Annual Report & Accounts*  
for the year ended 31st January 2023



**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.

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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  
Senator House  
85 Queen Victoria Street  
London EC4V 4AB

*Authorised and regulated by  
the Financial Conduct Authority*

### Administrator, Registrar and Fund Accountant:

Northern Trust Global Services SE, UK Branch  
50 Bank Street  
Canary Wharf  
London E14 5NT

*Authorised and regulated by  
the Financial Conduct Authority*

### Dealing Office:

Thesis Unit Trust Management Limited  
Sunderland SR43 4AZ  
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 Service Director  
D. K. Mytnik - Non-Executive Director  
V. R. Smith - Non-Executive Director  
G. Stewart - 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 Sun Portfolio Fund (the "Company"). They and C. J. Willson and G. Stewart are not engaged in other business activities that are of significance to the Company.

# The Sun Portfolio Fund

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

for the year ended 31st January 2023

Thesis Unit Trust Management Limited, (the “ACD”) is pleased to present the ACD’s Annual Report & Accounts for The Sun Portfolio Fund (the “Company”) for the year ended 31st January 2023.

This Company is an umbrella fund with two sub-funds, namely Climate Assets Balanced Fund (the “sub-fund”) and Climate Assets Growth Fund (the “sub-fund”).

### Investment Objectives and Policies

The sub-funds of the Company, their respective names, investment objectives and policies, are as follows:

#### Climate Assets Balanced Fund

The investment objective of the sub-fund is to provide a balance of capital growth and income, net of fees, over the longer term (rolling 5 year periods). The sub-fund focuses on sustainable investment.

The sub-fund will aim to achieve the investment objective by investing in a global portfolio which is comprised of:

- Equity securities (60% to 75%)
- Corporate bonds and government bonds (5% to 25%)
- Alternatives (up to 25%) – alternatives would be defined as assets that have historically (over 5 years or more) had a low correlation to equity markets, such as investment trusts focusing on social or green infrastructure
- Permitted closed-ended funds, including investment trusts and real estate investment trusts (up to 20%)
- Warrants (up to 5%)
- Cash (up to 10%)

Investments other than sovereign debt will be invested in line with the thematic investment criteria outlined below.

Sovereign debt will not be expected to exceed 15% of the portfolio.

There may be times when the sub-fund may invest outside these parameters. For example, during times of market stress (including a market crash/unforeseen event or circumstance).

The sub-fund may achieve indirect exposure to the above asset classes by holding units in other collective investment schemes (including those managed or operated by the ACD and/or advised or managed by the Investment Manager, or an associate of the ACD or Investment Manager), but these will be limited to a maximum of 10% of the total value of the sub-fund’s portfolio.

The use of derivatives and/or hedging transactions is permitted in connection with the efficient portfolio management of the sub-fund. However, the use of derivatives in this manner is expected to be limited.

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.

#### Companies we invest in

At the heart of the stock selection there are five investment themes. Each investment theme is aligned to one or more of the UN Sustainable Development Goals (SDG). This is explained below.

Each company that the sub-fund invests in has:

- some revenue derived from activities which contribute towards meeting one or more of the SDG goals in line with the investment themes and/or;
- been judged by the Investment Manager as making a positive impact to improve resilience to climate change.

Typically, all of the investment themes are represented in the investments of the sub-fund. Market valuations and economic conditions determine if any one of these themes takes precedence.

Companies in which the sub-fund invests, in aggregate generate at least 50% or more of their revenue from at least one of the five investment themes and all make a positive impact to improve resilience to climate change and healthcare.

# The Sun Portfolio Fund

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## Report of the Authorised Corporate Director (“ACD”) for the year ended 31st January 2023 (continued)

### Investment Objectives and Policies (continued)

#### Climate Assets Balanced Fund (continued)

##### Companies we invest in (continued)

The five investment themes are as follows:

**Low carbon energy:** (SDG category 7, 13 and 15) Companies that provide solutions to the problems of using fossil fuels and energy scarcity and security, such as those involved in renewable energy generation, green transport, products and technologies for green building design and construction and energy efficiency.

**Food:** (SDG category 1, 2 and 12) Companies providing solutions to food supply or demand imbalance such as those companies involved in grain production and harvesting, food testing, food processing, measurement and control and high-tech agriculture supplies.

**Health:** (SDG category 3, 4, 5 and 10) Companies providing products and solutions to improve healthcare that align to the objectives of the sub-fund such as companies involved in medical supplies and devices, vaccines and products for infectious disease, medical analysis and testing.

**Resource efficiency:** (SDG category 8, 9, 11, 16 and 17) Companies providing solutions to the problems of resource scarcity such as those involved in waste management, production and processing of environmentally friendly materials, waste-to-energy, coastal protection, productivity and efficiency gains and process control.

**Water:** (SDG category 6 and 14) Companies providing solutions to water scarcity such as those involved in water supply and distribution, water analysis, monitoring and purification, water metering and efficient methods of crop irrigation.

When deciding whether an investment derives revenue from activities in line with the investment themes, the Investment Manager will take the following factors into account:

- The business activity and end markets of the investment as a whole, and how significant the “aligned” revenue stream is to that investment.
- Whether the investment provides products or services that enable people or businesses to use fewer resources or increase productivity and/or to lower their carbon footprint.
- The investment’s own carbon footprint may be considered, including whether investments with higher emissions have set, or committed to, science-based emissions targets, measured using external derived data on their carbon emissions.

When judging whether an investment makes a positive impact to improve resilience to climate change, the Investment Manager will take the following factors into account:

- Whether the investment’s principal business lines consist of products or services which provide solutions to any of the environmental or economic challenges of climate change.
- The investment’s own carbon footprint, including whether investments with higher emissions have set, or committed to, science-based emissions targets, measured using external derived data on their carbon emissions.

Data from one or more third party data providers will be used to ensure that the investment’s business activity is suitably aligned to one or more of the relevant UN SGDs and fund themes such that the investment is likely to make a positive impact. However, the Investment Manager will not rely exclusively on such data.

The Investment Manager undertakes regular monitoring reviews to ensure that the companies in which the sub-fund invests continue to meet these criteria.

##### Activities that are avoided

The sub-fund does not invest in companies that generate revenue from controversial sectors of the economy, even if they would otherwise meet the investment criteria above. Both strategic revenue and materiality criteria are considered.

The sub-fund’s exclusions are as follows:

**Alcohol** – Companies whose primary activity is the manufacture or sale of alcoholic drinks.

# The Sun Portfolio Fund

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## Report of the Authorised Corporate Director (“ACD”) for the year ended 31st January 2023 (continued)

### Investment Objectives and Policies (continued)

#### Climate Assets Balanced Fund (continued)

##### Activities that are avoided (continued)

**Environment** – Companies will be excluded where their activities have a significant negative environmental impact, such as mining, chemical manufacture and oil production.

**Factory Farming** – Companies involved in the rearing of animals in intensive conditions.

**Gambling** – Companies whose primary activity is the operation of gambling facilities.

**Human Rights** – Companies with operations in countries regarded as having oppressive regimes where evidence is held of their involvement, either by collusion or complacency, in abuses of human rights.

**Military** – Companies that manufacture or sell weapons or weapon systems, or provide strategic components or services specifically for military use.

**Nuclear** – Companies that are involved in the generation of nuclear power, or provide nuclear services to the military.

**Pornography** – Companies involved in the production or distribution of pornographic material.

**Tobacco** – Companies whose primary activity is the production or manufacture of tobacco products.

##### Engagement with companies

The environmental, social and governance (ESG) factors which could impact shareholder returns are considered with any investment.

The Investment Manager will, where feasible, use the voting rights to express their view and engage with companies to support the creation of wealth to the benefit of holders and other stakeholders.

The Investment Manager’s engagement activity falls into three areas:

- **Reactive** – where the Investment Manager will initiate engagements in reaction to a controversy or to an Annual General Meeting or Special General Meeting resolution.
- **Proactive** – the Investment Manager will undertake thematic engagement, for example, engagement on issues that compromise the investment themes of the sub-fund, and will actively exercise its voting rights.
- **Monitoring** – regular engagement with companies to ensure that they continue to meet the sub-fund’s investment criteria. If a company is found to no longer meet the criteria, and change is not forthcoming, the sub-fund’s investment would be sold.

The Investment Manager is a member of a number of industry groups and, its parent company, Quilter plc, is a signatory to the UN backed Principles for Responsible Investment.

Further information can be found in the Investment Manager’s Engagement Policy which is available upon request.

##### Measurement of the effectiveness of the sub-fund’s investment policy

The sub-fund’s financial comparator benchmark is the Investment Association Mixed Investment 40-85% shares peer group. The sub-fund uses this benchmark for performance comparison purposes only. This benchmark is not a target benchmark and the sub-fund is not constrained by it.

The Investment Association Mixed Investment 40-85% shares peer group is a risk-based peer group that is designed to provide a reflection of the returns an investor can expect for a given risk appetite. For this peer group, the relative risk to equity markets is 40-85%. This peer group has been selected as a comparator because this risk is broadly aligned with the sub-fund’s equity exposure as defined in the sub-fund’s investment policy.

# The Sun Portfolio Fund

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## **Report of the Authorised Corporate Director (“ACD”)** *for the year ended 31st January 2023 (continued)*

### **Investment Objectives and Policies** *(continued)*

#### **Climate Assets Balanced Fund** *(continued)*

##### **Measurement of the effectiveness of the sub-fund’s investment policy** *(continued)*

The ACD reserves the right to change the benchmark following consultation with the Depositary and in accordance with the rules of COLL. A change could arise, for example, where the ACD determines that an alternative may be more appropriate or a benchmark administrator has given notification of discontinuance of the benchmark. Shareholders will be notified of such a change, FCA approval will be applied for and the Prospectus updated and the change noted in the subsequent annual and half yearly reports.

The sub-fund’s effectiveness to meet the investment themes will be measured by monitoring the percentage of company revenues, at sub-fund level, that support the five investment themes aligned to the UN Sustainable Development Goals Framework. This is reported in the quarterly investment reports.

The overall carbon footprint and total emission of the portfolio will be reported in the sub-fund’s annual report, using available information from a comparable index for comparison purposes.

The reporting will be aligned with the Taskforce on Climate related Financial Disclosure (TCFD) reporting framework.

##### **Investment Style**

The Investment Manager will actively manage the sub-fund. This means the Investment Manager actively makes decisions about how to invest the scheme property (and which investments to buy and sell) instead of simply following a market index.

##### **Climate Assets Growth Fund**

The investment objective of the sub-fund is to provide capital growth, net of fees, over the longer term (rolling 5 year periods). The sub-fund focuses on sustainable investment.

The sub-fund will aim to achieve the investment objective by investing in a global portfolio which is comprised of:

- Equity securities (75% to 95%)
- Corporate bonds and government bonds (5% to 15%)
- Alternatives (up to 20%) – alternatives would be defined as assets that have historically (over 5 years or more) had a low correlation to equity markets, such as investment trusts focusing on social or green infrastructure
- Permitted closed-ended funds, including investment trusts and real estate investment trusts (up to 20%)
- Warrants (up to 5%)
- Cash (up to 10%)

The sub-fund is expected to have a concentrated portfolio, typically comprising between 45 and 80 holdings. Investments other than sovereign debt will be invested in line with the thematic investment criteria outlined below.

Exposure to alternatives will be via indirect investment.

Sovereign debt will not be expected to exceed 10% of the portfolio.

There may be times when the sub-fund may invest outside these parameters. For example, during times of market stress (including a market crash/unforeseen event or circumstance).

The sub-fund may achieve indirect exposure to the above asset classes by holding units in other collective investment schemes (including those managed or operated by the ACD and/or advised or managed by the Investment Manager, or an associate of the ACD or Investment Manager), but these will be limited to a maximum of 10% of the total value of the sub-fund’s portfolio.

The use of derivatives and/or hedging transactions is permitted in connection with the efficient portfolio management of the sub-fund. However, the use of derivatives in this manner is expected to be limited.

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.

# The Sun Portfolio Fund

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

for the year ended 31st January 2023 (continued)

### Investment Objectives and Policies (continued)

#### Climate Assets Growth Fund (continued)

##### Companies we invest in

At the heart of the stock selection there are five investment themes. Each investment theme is aligned to one or more of the UN Sustainable Development Goals (SDG2). This is explained below.

Each company that the sub-fund invests in has:

- some revenue derived from activities which contribute towards meeting one or more of the SDG goals in line with the investment themes and/or;
- been judged by the Investment Manager as making a positive impact to improve resilience to climate change.

Typically, all of the investment themes are represented in the investments of the sub-fund. Market valuations and economic conditions determine if any one of these themes takes precedence.

Companies in which the sub-fund invests, in aggregate generate at least 50% or more of their revenue from at least one of the five investment themes and all make a positive impact to improve resilience to climate change and healthcare.

The five investment themes are as follows:

**Low carbon energy:** (SDG category 7, 13 and 15) Companies that provide solutions to the problems of using fossil fuels and energy scarcity and security, such as those involved in renewable energy generation, green transport, products and technologies for green building design and construction and energy efficiency.

**Food:** (SDG category 1, 2 and 12) Companies providing solutions to food supply or demand imbalance such as those companies involved in grain production and harvesting, food testing, food processing, measurement and control and high-tech agriculture supplies.

**Health:** (SDG category 3, 4, 5 and 10) Companies providing products and solutions to improve healthcare that align to the objectives of the sub-fund such as companies involved in medical supplies and devices, vaccines and products for infectious disease, medical analysis and testing.

**Resource efficiency:** (SDG category 8, 9, 11, 16 and 17) Companies providing solutions to the problems of resource scarcity such as those involved in waste management, production and processing of environmentally friendly materials, waste-to-energy, coastal protection, productivity and efficiency gains and process control.

**Water:** (SDG category 6 and 14) Companies providing solutions to water scarcity such as those involved in water supply and distribution, water analysis, monitoring and purification, water metering and efficient methods of crop irrigation.

When deciding whether an investment derives revenue from activities in line with the investment themes, the Investment Manager will take the following factors into account:

- The business activity and end markets of the investment as a whole, and how significant the “aligned” revenue stream is to that investment.
- Whether the investment provides products or services that enable people or businesses to use fewer resources or increase productivity and/or to lower their carbon footprint.
- The investment’s own carbon footprint may be considered, including whether investments with higher emissions have set, or committed to, science-based emissions targets, measured using external derived data on their carbon emissions.

When judging whether an investment makes a positive impact to improve resilience to climate change, the Investment Manager will take the following factors into account:

- Whether the investment’s principal business lines consist of products or services which provide solutions to any of the environmental or economic challenges of climate change.
- The investment’s own carbon footprint, including whether investments with higher emissions have set, or committed to, science-based emissions targets, measured using external derived data on their carbon emissions.

# The Sun Portfolio Fund

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## Report of the Authorised Corporate Director (“ACD”) for the year ended 31st January 2023 (continued)

### Investment Objectives and Policies (continued)

#### Climate Assets Growth Fund (continued)

##### Companies we invest in (continued)

Data from one or more third party data providers will be used to ensure that the investment’s business activity is suitably aligned to one or more of the relevant UN SGDs and fund themes such that the investment is likely to make a positive impact. However, the Investment Manager will not rely exclusively on such data.

The Investment Manager undertakes regular monitoring reviews to ensure that the companies in which the sub-fund invests continue to meet these criteria.

##### Activities that are avoided

The sub-fund does not invest in companies that generate revenue from controversial sectors of the economy, even if they would otherwise meet the investment criteria above. Both strategic revenue and materiality criteria are considered.

The sub-fund’s exclusions are as follows:

**Alcohol** – Companies whose primary activity is the manufacture or sale of alcoholic drinks.

**Environment** – Companies will be excluded where their activities have a significant negative environmental impact, such as mining, chemical manufacture and oil production.

**Factory Farming** – Companies involved in the rearing of animals in intensive conditions.

**Gambling** – Companies whose primary activity is the operation of gambling facilities.

**Human Rights** – Companies with operations in countries regarded as having oppressive regimes where evidence is held of their involvement, either by collusion or complacency, in abuses of human rights.

**Military** – Companies that manufacture or sell weapons or weapon systems, or provide strategic components or services specifically for military use.

**Nuclear** – Companies that are involved in the generation of nuclear power, or provide nuclear services to the military.

**Pornography** – Companies involved in the production or distribution of pornographic material.

**Tobacco** – Companies whose primary activity is the production or manufacture of tobacco products.

##### Engagement with companies

The environmental, social and governance (ESG) factors which could impact shareholder returns are considered with any investment.

The Investment Manager will, where feasible, use the voting rights to express their view and engage with companies to support the creation of wealth to the benefit of holders and other stakeholders.

The Investment Manager’s engagement activity falls into three areas:

- **Reactive** – where the Investment Manager will initiate engagements in reaction to a controversy or to an Annual General Meeting or Special General Meeting resolution.
- **Proactive** – the Investment Manager will undertake thematic engagement, for example, engagement on issues that compromise the investment themes of the sub-fund, and will actively exercise its voting rights.
- **Monitoring** – regular engagement with companies to ensure that they continue to meet the sub-fund’s investment criteria. If a company is found to no longer meet the criteria, and change is not forthcoming, the sub-fund’s investment would be sold.

The Investment Manager is a member of a number of industry groups and, its parent company, Quilter plc, is a signatory to the UN backed Principles for Responsible Investment.

# The Sun Portfolio Fund

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

*for the year ended 31st January 2023 (continued)*

### **Investment Objectives and Policies (continued)**

#### **Climate Assets Growth Fund (continued)**

##### **Activities that are avoided (continued)**

Further information can be found in the Investment Manager’s Engagement Policy which is available upon request.

##### **Measurement of the effectiveness of the sub-fund’s investment policy**

The sub-fund’s financial comparator benchmark is the Investment Association Global peer group. The sub-fund uses this benchmark for performance comparison purposes only. This benchmark is not a target benchmark and the sub-fund is not constrained by it.

This peer group has been selected as a comparator because it is broadly aligned with the sub-fund’s equity exposure and geographic focus, as defined in the sub-fund’s investment policy.

The ACD reserves the right to change the benchmark following consultation with the Depositary and in accordance with the rules of COLL. A change could arise, for example, where the ACD determines that an alternative may be more appropriate or a benchmark administrator has given notification of discontinuance of the benchmark. Shareholders will be notified of such a change, FCA approval will be applied for and the Prospectus updated and the change noted in the subsequent annual and half yearly reports.

The sub-fund’s effectiveness to meet the investment themes will be measured by monitoring the percentage of company revenues, at sub-fund level, that support the five investment themes aligned to the UN Sustainable Development Goals Framework. This is reported in the quarterly investment reports.

The overall carbon footprint and total emission of the portfolio will be reported in the sub-fund’s annual report, using available information from a comparable index for comparison purposes. The reporting will be aligned with the Taskforce on Climate related Financial Disclosure (TCFD) reporting framework.

##### **Investment Style**

The Investment Manager will actively manage the sub-fund. This means the Investment Manager actively makes decisions about how to invest the scheme property (and which investments to buy and sell) instead of simply following a market index.

##### **Important Information**

With effect from 21st September 2022, the name of the sub-fund changed from Climate Assets Fund to Climate Assets Balanced Fund.

Climate Assets Growth Fund was launched as a new sub-fund of the Company on 21st September 2022.

From time to time, major macroeconomic events occur and cause significant short-term volatility to capital markets. Russia’s military action is an example of such an event. We are monitoring the situation very closely and will continue to manage our funds in line with their respective objectives.

Thesis Unit Trust Management Limited  
Authorised Corporate Director  
30th May 2023

# The Sun Portfolio Fund

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## Report of the Investment Manager for the year ended 31st January 2023

### Investment Report – Climate Assets Balanced Fund

#### Market Commentary

A challenging year ended with macro trends improving and markets adopting a ‘glass-half-full’ view. Easing inflation and the avoidance of a crippling winter energy crisis have played a pivotal role in this rosier outlook, which has been boosted further by China’s re-opening running ahead of all but the most optimistic expectations. Nevertheless, the year under review was a challenging year for investors, with the size of the dual decline in stocks and bonds surpassing anything seen for several generations. The vast reduction in negative-yielding debt provides perhaps the best indication of the major change in the investment environment over the past 12 months. High inflation and resultant central bank policies triggered a significant derating, especially amongst highly rated shares. Growth style shares were worst hit, with declines in the region of 30% to 60% as commonplace.

Since global stock benchmarks bottomed-out in the middle of October, a prevailing theme has been US underperformance, due in part to a significant depreciation in the US dollar. In January, technology, and consumer discretionary were the best performing sectors, with China’s re-opening providing a boon for cyclical shares. After three years of on-and-off stringent lockdowns, a wave of demand and the spending power of a Chinese middle-class population (400m, according to United Nations estimates) has delivered a sizeable boost to the global economy.

In a further sign of the market’s diminishing concern for future economic prospects, defensive sectors such as consumer staples and healthcare have lagged of late. It is worth noting that recent corporate results have shown that earnings are coming down.

Inflation is clearly falling, but we need to keep a keen eye on core metrics and feel it may be a bit presumptuous to assume they will swiftly return near to central bank target levels. Nonetheless, the announcement of three major central bank decisions showed that rate-setters in the US, UK and Eurozone are moving closer to ending interest rate increases. In terms of valuations, the rally in recent months has lifted US benchmarks above 15-year average levels and due to the large US weighting in global indices (55%-60%) this has also moved worldwide metrics. Continental European bourses had looked a little cheap but are now back around their average levels since 2008, with the UK shares looking inexpensive but a potential value trap.

#### Fund Manager Comments

During the year under review, the sub-fund returned -3.58% (Retail Acc, net of fees) slightly behind the comparator’s – IA Mixed Investment 40%-85% Shares – return of -3.12%. Source: Financial Express, all total returns in sterling terms.

During the year, we reduced the Equity content in the sub-fund as the effects of the Ukraine war, rising inflation and supply chain disruption have taken their hold on financial markets. This has seen the Equity allocation decrease from c.69.8 % to c.63.1% during the year. The proceeds have mostly been allocated to Fixed Interest and Cash. We ended the year with a Cash position of c.9.1% for defensive reasons. With yields back up to reasonable levels we have also been buying short-dated gilts trading below par which is the main reason for the increase in the Fixed Interest allocation.

Given the sub-fund’s restrictions and fossil fuel free policy, we are unable to invest in Oil, Mining and Tobacco (some of the best performing sectors during the year) so we have been rotating out of cyclical sectors, such as industrials, and into defensive sectors, such as Healthcare and Utilities, for instance by buying Medtronic (United States, healthcare equipment). The allocation to Europe has been reduced the most after selling out of KION Group (Germany, automation), Schindler Holding (Germany, lift and escalator operator) Koninklijke Philips (Netherlands, healthcare equipment) and Vestas Wind Systems (Denmark, wind turbine manufacturer). We continue our long-term strategy of favouring well managed companies with structural growth drivers underpinned by regulation, consumer demand and net zero targets.

During the year, we added a new position in London & Quadrant Housing Trust 2.00% 31/03/2032 investment grade bond due in 2032. London Quadrant provides safe housing, services, and support to around 250,000 residents primarily across London and the Southeast. We locked in some profits and reduced our position in Smiths Group (United Kingdom) as the disposal of the medical business and the appointment of a new CEO represents a significant change, which we believe can catalyse improved group-wide performance. However, consensus estimates seem to already reflect this assumption, thus we expect the stock to trade sideways for a while. We also reduced our position in water management company Xylem (United States), albeit for different reasons. As we are cautious about the sustainability of earnings toward year-end, we think that Xylem may experience execution risk and reduced margin profile as pricing, whilst improving, still lags cost inflation.

# The Sun Portfolio Fund

## Report of the Investment Manager

for the year ended 31st January 2023 (continued)

### Investment Report – Climate Assets Balanced Fund (continued)

#### Fund Manager Comments (continued)

Emerging markets equity was the largest positive contribution to total return during the period closely followed by North American equity and Alternatives. At the stock level the largest positive contributors were Novo Nordisk (Denmark, diabetes management), Cia de Saneamento (Brazil, water & waste management) and Linde (Germany, industrial gasses manufacturer). In the Alternative Investment exposure, Greencoat UK Wind and the Foresight Solar Fund were largest positive contributors, as investors were encouraged by a more stable regulatory environment as well as inflation linked revenue with the optionality of increasing power prices to cope with rising costs. The largest detractors were the divested companies Kion Group and Koninklijke Philips as well as UK Sovereign debt.

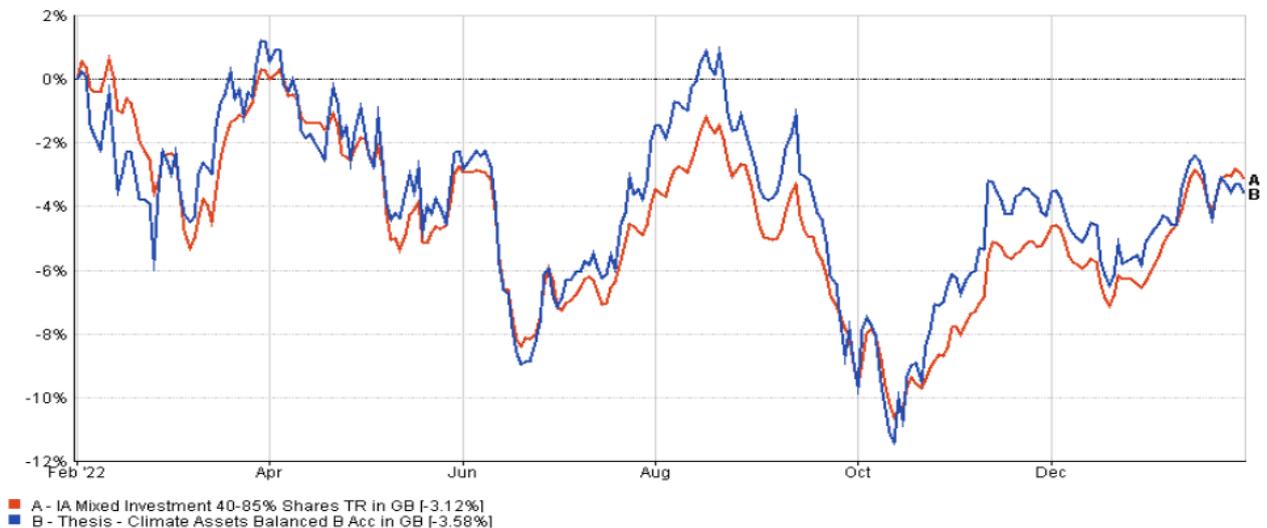
#### Market Outlook

We are looking to gradually increase our exposure to risk assets, and into cyclical areas linked to the China re-opening trade, whilst remain mindful of potential risks such as the Federal Reserve tightening more forcefully than markets currently expect.

Whilst we do not think that we are in an earnings recession, expectations have been lowered markedly and for most of the western world earnings are expected to fall further in the coming months. For example, big tech firms in the US are revealing the adverse impact of slowing economic activity and higher interest rates through the extensive layoffs that we have been seeing in the sector.

We expect volatility to continue in the early part of this year, but the outlook thereafter could become more favourable as central banks conclude hiking cycles. We believe that, despite a difficult year, diversification will provide clear benefits going forward. Equity investors may be prepared to look through current difficulties now that global valuations are near to long-term averages. While the US retains its premium, low valuations in other regions offer recovery opportunities.

From a sustainability standpoint, we are cautiously optimistic heading into 2023 and believe there are many attractive long term investment opportunities on offer, with the energy transition, the electrification of the car and healthcare after COVID-19 three key themes on our radar.



Quilter Cheviot Limited  
Investment Manager  
7th March 2023

# The Sun Portfolio Fund

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## Report of the Investment Manager

*for the year ended 31st January 2023 (continued)*

### Investment Report – Climate Assets Growth Fund

#### Market Commentary

A challenging period ended with macro trends improving and markets adopting a ‘glass-half-full’ view. Easing inflation and the avoidance of a crippling winter energy crisis have played a pivotal role in this rosier outlook, which has been boosted further by China’s re-opening running ahead of all but the most optimistic expectations.

The months since the sub-fund launched was a challenging period for investors, with the size of the dual decline in stocks and bonds surpassing anything seen for several generations. The vast reduction in negative-yielding debt provides perhaps the best indication of the major change in the investment environment over the past 12 months. High inflation and resultant central bank policies triggered a significant derating, especially amongst highly rated shares. Growth style shares were worst hit, with declines in the region of 30% to 60% as commonplace, which was a strong headwind for the strategy.

Since global stock benchmarks bottomed-out in the middle of October, a prevailing theme has been US underperformance, due in part to a significant depreciation in the US dollar. In January, technology, and consumer discretionary were the best performing sectors, with China’s re-opening providing a boon for cyclical shares. After three years of on-and-off stringent lockdowns, a wave of demand and the spending power of a Chinese middle-class population (400m, according to United Nations estimates) has delivered a sizeable boost to the global economy.

In a further sign of the market’s diminishing concern for future economic prospects, defensive sectors such as consumer staples and healthcare have lagged of late. It is worth noting that recent corporate results have shown that earnings are coming down.

Inflation is clearly falling, but we need to keep a keen eye on core metrics and feel it may be a bit presumptuous to assume they will swiftly return near to central bank target levels. Nonetheless, the announcement of three major central bank decisions showed that rate-setters in the US, UK and Eurozone are moving closer to ending interest rate increases. In terms of valuations, the rally in recent months has lifted US benchmarks above 15-year average levels and due to the large US weighting in global indices (55%-60%) this has also moved worldwide metrics. Continental European bourses had looked a little cheap but are now back around their average levels since 2008, with the UK shares looking inexpensive but a potential value trap.

#### Fund Manager Comments

The Climate Assets Growth Fund was launched in 21st September 2022. Due to the short period of time this sub-fund has been available, there is no reportable performance data. Performance data will be published 12 months after inception.

During the period we maintained a conservative approach to equity exposure as the effects of the Ukraine war, rising inflation and supply chain disruption have taken their hold on financial markets. This has seen the Equity allocation targeted at the bottom of our range at c.75%, Alternatives at c.11%, with a Fixed Interest and Cash position of c.14%.

When launching the sub-fund, the largest allocation to our five positive themes was to the resource efficiency and clean energy themes, including Aptiv (United States, EV technologies), Emerson Electric (United States, energy efficiency) and Ecolab (United States, health and safety services). We also have more defensive positions like healthcare and medical technology within our top ten holdings, including Medtronic and Thermo Fisher Scientific.

We continue our long-term strategy of favouring well managed companies with structural growth drivers underpinned by regulation, consumer demand and net zero targets.

#### Market Outlook

We are looking to gradually rotate our exposure into more cyclical areas linked to the China re-opening trade, whilst remain mindful of potential risks such as the Federal Reserve tightening more forcefully than markets currently expect.

Whilst we do not think that we are in an earnings recession, expectations have been lowered markedly and for most of the western world earnings are expected to fall further in the coming months. For example, big tech firms in the US are revealing the adverse impact of slowing economic activity and higher interest rates through the extensive layoffs that we have been seeing in the sector.

# The Sun Portfolio Fund

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## **Report of the Investment Manager**

*for the year ended 31st January 2023 (continued)*

### **Investment Report – Climate Assets Growth Fund (continued)**

#### **Market Outlook (continued)**

We expect volatility to continue in the early part of this year, but the outlook thereafter could become more favourable as central banks conclude hiking cycles. We believe that, despite a difficult year, diversification will provide clear benefits going forward. Equity investors may be prepared to look through current difficulties now that global valuations are near to long-term averages. While the US retains its premium, low valuations in other regions offer recovery opportunities.

From a sustainability standpoint, we are cautiously optimistic heading into 2023 and believe there are many attractive long term investment opportunities on offer, with the energy transition, the electrification of the car and healthcare after COVID-19 three key themes on our radar.

Quilter Cheviot Limited  
Investment Manager  
7th March 2023

# 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 16th September 2009, under the Open-Ended Investment Companies Regulations (the “OEIC Regulations”). It is a UCITS type scheme as defined in rule 1.2.1R of the Collective Investment Schemes sourcebook (“COLL sourcebook”) and structured as an Umbrella Company. The Head Office of the ACD is Exchange Building, St John’s Street, Chichester, West Sussex, PO19 1UP and this is also the address for service of notices or other documents required or authorised to be served on the Company.

Shareholders are not liable for the debts of the Company.

Currently, the Company has two sub-funds, namely Climate Assets Balanced Fund, and Climate Assets Growth Fund.

The base currency of the Company and each sub-fund is Pounds Sterling.

Sub-funds established by the Company are segregated portfolios of assets, and accordingly, the assets of a sub-fund belong exclusively to that sub-fund, and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company or any other sub-fund, and shall not be available for any such purpose.

## **Sub-fund Cross-Holdings**

Climate Assets Balanced Fund held shares of Climate Assets Growth Fund during the current year.

## **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

## Remuneration Disclosures *(unaudited)*

The provisions of the UCITS V Directive took effect on 18th March 2016. That legislation requires Thesis Unit Trust Management Limited (the “Authorised Fund Manager”), 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 Authorised Fund Manager’s duty to act in the best interest of the Company.

The Authorised Fund Manager 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 Authorised Fund Manager 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, some staff are employed directly by the Authorised Fund Manager and others are employed by a service company, Thesis Services Limited. The costs of staff employed by Thesis Services Limited are allocated between entities within the group based on the estimate of time devoted to each.

The table below shows the total remuneration paid by the Authorised Fund Manager and the service company to all the staff working on its business for the financial year ended 30th April 2022.

	Senior Management	Risk Takers	Control	Other	Total
Number of Staff	6	12	5.43	24.67	48.1
Fixed remuneration	£831,205	£904,106	£263,745	£923,170	£2,922,226
Variable remuneration	£207,073	£78,873	£11,999	£49,204	£347,149

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”), 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

30th May 2023

# 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 year 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 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  
30th May 2023

# 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 2023

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  
30th May 2023

# 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 2023. These financial statements comprise together the statement of accounting policies, distribution policies, risk management policies and the individual financial statements of each of the following sub-funds (the "sub-funds") of the Company:

- Climate Assets Balanced Fund
- Climate Assets Growth Fund

The individual financial statements for each of the Company's sub-funds 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), the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014 as amended in June 2017, the rules of the Collective Investment Schemes sourcebook, and the Company's Instrument of Incorporation.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31st January 2023 and of the net revenue and net capital gains/losses on the scheme property of the Company and each of the sub-funds for the year then ended, and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014 as amended in June 2017, the rules of 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 and each of the sub-fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 and each of the sub-funds cease to continue as a going concern.

In our evaluation of the Authorised Corporate Director's conclusions, we considered the inherent risks associated with the Company's and each of the sub-fund's business model including effects arising from macro-economic uncertainties such as the cost of living crisis, 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 each of 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 each of 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 Sun Portfolio Fund

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

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.

### **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 3, the Management and Professional Service Providers' Details; on page 4, the Report of the Authorised Corporate Director; on page 11, the Report of the Investment Manager; on page 15, the Constitution and Sub-fund Cross-Holdings; on pages 27 and 52, the Portfolio Statement; on pages 36 and 60, 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 the sub-funds 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 set out on page 17, 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 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 the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management. We determined that the most significant laws and regulations were the Collective Investment Schemes Sourcebook, the Investment Association Statement of Recommended Practice (SORP) 'Financial Statements of UK Authorised Funds' and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.
- We enquired of the Authorised Corporate Director and 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 and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the breaches register.
- 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 and 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.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:
  - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
  - testing journal entries, including manual journal entries processed at the year-end for financial statements preparation; and
  - challenging the assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as 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;
- 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; and
  - understanding of the legal and regulatory frameworks applicable to the Company.

# The Sun Portfolio Fund

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

### 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  
30th May 2023

# The Sun Portfolio Fund

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

for the year ended 31st January 2023

### 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

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 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, 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, if applicable, 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.

Where a substantial proportion of a Company's assets are invested in other collective investment schemes the maximum level of management fees that may be charged to that Company, and to the other collective investment schemes in which it invests, should not exceed 2.5% per annum plus VAT (if applicable).

#### 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 close of business 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.

# The Sun Portfolio Fund

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

for the year ended 31st January 2023 (continued)

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

#### e) Revenue (continued)

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.

Revenue from offshore funds is recognised when it is reported. Any reported revenue from an offshore fund with reporting status from HMRC, in excess of any distribution received in the reporting period, is recognised as revenue no later than the date on which the reporting fund makes this information available.

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 revenue for the year on an accruals basis.

The ACD’s fee rebate is at the ACD’s discretion and is recognised upon their confirmation that the rebate is due to the Company.

#### 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.

For distribution purposes of Climate Assets Balanced Fund, 100% of all the expenses are charged against capital. This will increase the amount of revenue for distribution; this will however erode capital and may constrain capital growth. As for Climate Assets Growth Fund, 100% of all the expenses are charged against revenue.

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.

# The Sun Portfolio Fund

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## Statement of Accounting Policies, Distribution Policies and Risk Management Policies for the year ended 31st January 2023 (continued)

### 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. 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.

#### *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.

#### *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 floating and fixed 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.

Interest rate risk is 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 2023 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 (issuer 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".

# The Sun Portfolio Fund

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## Statement of Accounting Policies, Distribution Policies and Risk Management Policies for the year ended 31st January 2023 (continued)

### 4. Risk Management Policies (continued)

#### 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 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 7 working days through to settlement. Any portfolio that has less than 80% 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. These liquidity levels are stress tested on assumptions of reduced market liquidity and increased investor trading. 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 at the sub-fund level. 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.

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

### Portfolio Statement

as at 31st January 2023

Holdings	Market value £	Percentage of total net assets %
<b>EQUITIES 73.72% (77.66%)</b>		
<b>Brazil 1.00% (0.78%)</b>		
500,357 Cia de Saneamento	<b>4,466,023</b>	<b>1.00</b>
<b>Denmark 2.30% (3.04%)</b>		
92,316 Novo Nordisk	<b>10,294,706</b>	<b>2.30</b>
<b>France 4.69% (3.63%)</b>		
189,838 Amundi	10,006,210	2.24
84,036 Schneider Electric	10,958,783	2.45
	<b>20,964,993</b>	<b>4.69</b>
<b>Germany 3.31% (4.48%)</b>		
381,449 Fresenius SE & Co.	8,897,561	1.99
204,827 Infineon Technologies	5,927,592	1.32
	<b>14,825,153</b>	<b>3.31</b>
<b>Guernsey 3.94% (3.67%)</b>		
6,137,776 John Laing Environmental Assets Group	7,426,709	1.66
7,843,529 Renewables Infrastructure	10,212,275	2.28
	<b>17,638,984</b>	<b>3.94</b>
<b>Ireland 4.42% (2.69%)</b>		
35,064 Linde	9,330,381	2.08
154,034 Medtronic	10,457,663	2.34
	<b>19,788,044</b>	<b>4.42</b>
<b>Japan 5.04% (4.46%)</b>		
116,400 Daiseki	3,148,690	0.70
48,000 East Japan Railway	2,159,869	0.48
57,400 Fanuc	8,161,515	1.83
86,200 Horiba	3,189,422	0.71
488,000 Kubota	5,881,137	1.32
	<b>22,540,633</b>	<b>5.04</b>
<b>Jersey 4.49% (4.99%)</b>		
47,856 Aptiv	4,391,071	0.98
7,113,957 Foresight Solar Fund	8,437,153	1.89
7,492,404 GCP Infrastructure Investments	7,252,647	1.62
	<b>20,080,871</b>	<b>4.49</b>

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

### Portfolio Statement

as at 31st January 2023 (continued)

Holdings	Market value £	Percentage of total net assets %
<b>Netherlands 0.00% (2.32%)</b>		
<b>Spain 1.69% (1.97%)</b>		
432,409 EDP Renovaveis	7,582,738	1.69
<b>Switzerland 3.55% (4.42%)</b>		
13,522 Geberit	6,125,332	1.37
134,942 Novartis	9,742,103	2.18
	<b>15,867,435</b>	<b>3.55</b>
<b>Taiwan 0.92% (0.84%)</b>		
78,701 Delta Electronics	613,608	0.13
46,830 Taiwan Semiconductor Manufacturing ADR	3,522,890	0.79
	<b>4,136,498</b>	<b>0.92</b>
<b>United Kingdom 14.04% (11.83%)</b>		
450,901 Compass Group	8,706,898	1.94
1,250,000 DS Smith	4,417,500	0.99
5,923,700 Greencoat UK Wind	9,424,607	2.11
361,438 Halma	7,760,074	1.73
109,983 London Stock Exchange Group	8,143,141	1.82
284,614 Persimmon	4,018,750	0.90
270,445 Smiths Group	4,669,233	1.04
263,068 Unite Group	2,622,788	0.59
524,239 United Utilities	5,541,206	1.24
7,631,547 VH Global Sustainable Energy Opportunities	7,524,705	1.68
	<b>62,828,902</b>	<b>14.04</b>
<b>United States 24.33% (28.54%)</b>		
108,721 Advanced Micro Devices	6,633,180	1.48
79,389 American Water Works	10,078,228	2.25
23,450 Aptar	2,203,242	0.49
118,442 Ares Management	7,975,901	1.78
73,591 Ecolab	9,244,257	2.07
92,232 Emerson Electric	6,752,753	1.51
23,277 Rockwell Automation	5,326,852	1.19
136,718 Sonoco Products	6,778,213	1.52
21,242 Thermo Fisher Scientific	9,830,543	2.20
67,813 Union Pacific	11,235,585	2.51
43,054 Visa	8,044,152	1.80
78,858 Waste Management	9,898,201	2.21
31,970 Waters	8,520,923	1.90

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

### Portfolio Statement

as at 31st January 2023 (continued)

Holdings	Market value £	Percentage of total net assets %
<b>United States (continued)</b>		
75,070 Xylem	6,333,802	1.42
	<b>108,855,832</b>	<b>24.33</b>
<b>TOTAL EQUITIES</b>		
	<b>329,870,812</b>	<b>73.72</b>
<b>DEBT SECURITIES 14.33% (12.99%)</b>		
<b>Corporate Bonds 5.66% (5.56%)</b>		
<b>Cayman Islands 0.00% (0.29%)</b>		
<b>United Kingdom 5.66% (5.14%)</b>		
GBP 1,280,900 A2D Funding II 4.50% 30/09/2026	1,265,580	0.28
GBP 2,657,000 Anglian Water Services Financing 6.625% 15/01/2029	2,932,101	0.65
GBP 5,500,000 BUPA Finance 1.75% 14/06/2027	4,816,955	1.08
GBP 1,615,000 BUPA Finance 2.00% 05/04/2024	1,562,903	0.35
GBP 6,103,000 London & Quadrant Housing Trust 2.00% 31/03/2032	4,815,450	1.08
GBP 5,366,000 Motability Operations Group 3.625% 10/03/2036	4,886,655	1.09
GBP 3,000,000 Motability Operations Group 4.375% 08/02/2027	3,018,288	0.67
GBP 1,193,000 Places for People Homes 3.625% 22/11/2028	1,109,626	0.25
GBP 1,000,000 Places for People Treasury 2.875% 17/08/2026	933,974	0.21
	<b>25,341,532</b>	<b>5.66</b>
<b>United States 0.00% (0.13%)</b>		
<b>Total Corporate Bonds</b>		
	<b>25,341,532</b>	<b>5.66</b>
<b>Government Bonds 8.67% (7.43%)</b>		
<b>United Kingdom 8.67% (7.43%)</b>		
GBP 8,952,100 UK Gilt 0.75% 22/07/2023	8,840,199	1.98
GBP 6,691,985 UK Gilt 0.875% 22/10/2029	5,741,723	1.28
GBP 10,725,000 UK Gilt 1.50% 22/07/2047	6,852,366	1.53
GBP 3,482,000 UK Gilt 1.75% 07/09/2037	2,722,785	0.61
GBP 3,565,280 UK Gilt 4.50% 07/12/2042	3,921,565	0.88
GBP 1,491,196 UK Gilt Inflation-Linked 0.125% 22/03/2024	2,196,004	0.49
GBP 2,567,000 UK Gilt Inflation-Linked 0.125% 22/03/2029	3,896,638	0.87
GBP 1,100,000 UK Gilt Inflation-Linked 0.125% 10/08/2031	1,364,326	0.30

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

### Portfolio Statement

as at 31st January 2023 (continued)

Holdings	Market value £	Percentage of total net assets %
<b>Government Bonds (continued)</b>		
<b>United Kingdom (continued)</b>		
GBP 2,388,811 UK Gilt Inflation-Linked 0.125% 22/11/2036	3,261,177	0.73
	<b>38,796,783</b>	<b>8.67</b>
<b>Total Government Bonds</b>	<b>38,796,783</b>	<b>8.67</b>
<b>TOTAL DEBT SECURITIES</b>	<b>64,138,315</b>	<b>14.33</b>
<b>COLLECTIVE INVESTMENT SCHEMES 0.22% (0.00%)</b>		
<b>United Kingdom 0.22% (0.00%)</b>		
9 Climate Assets Growth Fund B GBP Acc <sup>1</sup>	19	–
9 Climate Assets Growth Fund B GBP Inc <sup>1</sup>	19	–
500,755 Climate Assets Growth Fund C GBP Acc <sup>1</sup>	996,503	0.22
	<b>996,541</b>	<b>0.22</b>
<b>TOTAL COLLECTIVE INVESTMENT SCHEMES</b>	<b>996,541</b>	<b>0.22</b>
<b>REAL ESTATE INVESTMENT TRUSTS 2.71% (3.79%)</b>		
<b>United Kingdom 2.71% (3.79%)</b>		
17,501,011 Assura	9,756,814	2.18
282,800 Segro	2,347,240	0.53
	<b>12,104,054</b>	<b>2.71</b>
<b>TOTAL REAL ESTATE INVESTMENT TRUSTS</b>	<b>12,104,054</b>	<b>2.71</b>
<b>Net investments 90.98% (94.44%)</b>	<b>407,109,722</b>	<b>90.98</b>
Net other assets	40,337,816	9.02
<b>Total net assets</b>	<b>447,447,538</b>	<b>100.00</b>

Note: Comparative figures shown in brackets relate to 31st January 2022.

All securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

<sup>1</sup> Securities managed by sub-fund's Investment Manager.

# The Sun Portfolio Fund

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## Climate Assets Balanced Fund

### Sub-fund Information

The Comparative Tables on pages 32 to 35 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

A statement on the Assessment of Value is 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 Balanced Fund

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

#### Comparative Tables

##### *B Sterling Income Shares*

<b>For the year to</b>	<i>31/01/2023</i> <i>(pence per share)</i>	<i>31/01/2022</i> <i>(pence per share)</i>	<i>31/01/2021</i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	212.35	202.55	194.29
Return before operating charges*	(3.16)	15.96	13.88
Operating charges	(2.44)	(2.43)	(2.44)
Return after operating charges*	(5.60)	13.53	11.44
Distributions on income shares	(4.98)	(3.73)	(3.18)
Closing net asset value per share	201.77	212.35	202.55
 *After direct transaction costs of :	 0.12	 0.21	 0.17
<b>Performance</b>			
Return after charges	(2.64)%	6.68%	5.89%
<b>Other Information</b>			
Closing net asset value (£'000)	38,243	39,614	35,171
Closing number of shares	18,953,957	18,654,801	17,364,252
Operating charges <sup>1</sup>	1.20%	1.12%	1.25%
Direct transaction costs	0.06%	0.10%	0.09%
<b>Prices</b>			
Highest share price	215.80	232.10	213.20
Lowest share price	186.40	198.10	162.30

<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, when a sub-fund has invested 10% or more in other Collective Investment Schemes.

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

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

### Comparative Tables *(continued)*

#### B Sterling Accumulation Shares

For the year to	31/01/2023 <i>(pence per share)</i>	31/01/2022 <i>(pence per share)</i>	31/01/2021 <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	239.08	224.12	211.53
Return before operating charges*	(3.54)	17.68	15.27
Operating charges	(2.77)	(2.72)	(2.68)
Return after operating charges*	(6.31)	14.96	12.59
Distributions	(5.64)	(4.15)	(3.48)
Retained distributions on accumulation shares	5.64	4.15	3.48
Closing net asset value per share	232.77	239.08	224.12
*After direct transaction costs of :	0.13	0.24	0.19
<b>Performance</b>			
Return after charges	(2.64)%	6.67%	5.95%
<b>Other Information</b>			
Closing net asset value (£'000)	259,879	208,917	99,723
Closing number of shares	111,646,969	87,385,374	44,494,961
Operating charges <sup>1</sup>	1.20%	1.12%	1.25%
Direct transaction costs	0.06%	0.10%	0.09%
<b>Prices</b>			
Highest share price	243.00	259.40	234.20
Lowest share price	212.70	219.20	176.60

<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, when a sub-fund has invested 10% or more in other Collective Investment Schemes.

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

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

### Comparative Tables *(continued)*

#### *C Sterling Income Shares*

<b>For the year to</b>	<i>31/01/2023</i> <i>(pence per share)</i>	<i>31/01/2022</i> <i>(pence per share)</i>	<i>31/01/2021</i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	207.73	197.71	189.28
Return before operating charges*	(3.07)	15.64	13.52
Operating charges	(1.99)	(1.97)	(1.99)
Return after operating charges*	(5.06)	13.67	11.53
Distributions on income shares	(4.88)	(3.65)	(3.10)
Closing net asset value per share	197.79	207.73	197.71
 *After direct transaction costs of :	 0.11	 0.21	 0.17
<b>Performance</b>			
Return after charges	(2.44)%	6.91%	6.09%
<b>Other Information</b>			
Closing net asset value (£'000)	44,080	34,842	13,246
Closing number of shares	22,285,879	16,772,635	6,699,676
Operating charges <sup>1</sup>	1.00%	0.92%	1.05%
Direct transaction costs	0.06%	0.10%	0.09%
<b>Prices</b>			
Highest share price	211.20	227.00	208.10
Lowest share price	182.60	193.40	158.10

<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, when a sub-fund has invested 10% or more in other Collective Investment Schemes.

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

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

### Comparative Tables *(continued)*

#### C Sterling Accumulation Shares

For the year to	31/01/2023 <i>(pence per share)</i>	31/01/2022 <i>(pence per share)</i>	31/01/2021 <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	274.91	257.17	242.19
Return before operating charges*	(4.04)	20.34	17.58
Operating charges	(2.65)	(2.60)	(2.60)
Return after operating charges*	(6.69)	17.74	14.98
Distributions	(6.49)	(4.77)	(4.00)
Retained distributions on accumulation shares	6.49	4.77	4.00
Closing net asset value per share	268.22	274.91	257.17
*After direct transaction costs of :	0.15	0.27	0.22
<b>Performance</b>			
Return after charges	(2.43)%	6.90%	6.19%
<b>Other Information</b>			
Closing net asset value (£'000)	105,246	56,628	8,626
Closing number of shares	39,238,501	20,598,417	3,354,360
Operating charges <sup>1</sup>	1.00%	0.92%	1.05%
Direct transaction costs	0.06%	0.10%	0.09%
<b>Prices</b>			
Highest share price	279.50	298.20	268.70
Lowest share price	244.90	251.50	202.30

<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, when a sub-fund has invested 10% or more in other Collective Investment Schemes.

# The Sun Portfolio Fund

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## Climate Assets Balanced Fund

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

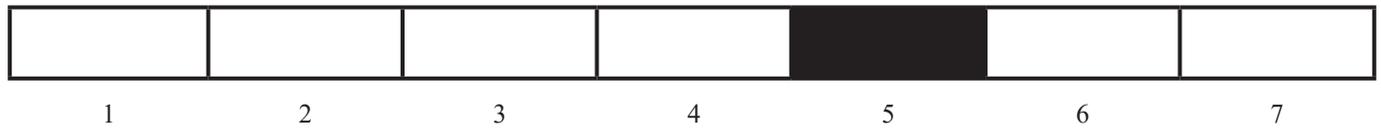
#### Synthetic Risk and Reward Indicator (“SRRI”)

**Lower Risk**

**Higher Risk**

Typically lower rewards

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 synthetic risk and reward indicator.

The prior year SRRI rating was 4 and it has increased due to high volatility within the sub-fund. The risk rating is calculated using historical data and a prescribed standard deviation methodology.

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

### Statement of Total Return

for the year ended 31st January 2023

	Notes	£'000	2023 £'000	£'000	2022 £'000
Income					
Net capital (losses)/gains	5		(14,968)		5,617
Revenue	7	10,444		4,206	
Expenses	8	(4,244)		(2,573)	
Interest payable and similar charges		(7)		(8)	
Net revenue before taxation		6,193		1,625	
Taxation	9	(400)		(280)	
Net revenue after taxation for the year			5,793		1,345
<b>Total return before distributions</b>			(9,175)		6,962
Distributions	10		(10,037)		(3,918)
<b>Change in net assets attributable to shareholders from investment activities</b>			(19,212)		3,044

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

for the year ended 31st January 2023

	Note	£'000	2023 £'000	£'000	2022 £'000
<b>Opening net assets attributable to shareholders</b>			340,001		156,766
Amounts receivable on issue of shares		196,967		225,462	
Amounts payable on cancellation of shares		(78,916)		(48,948)	
			118,051		176,514
Change in net assets attributable to shareholders from investment activities			(19,212)		3,044
Retained distribution on accumulation shares	10		8,608		3,677
<b>Closing net assets attributable to shareholders</b>			447,448		340,001

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

### Balance Sheet

as at 31st January 2023

	Notes	31/01/2023 £'000	31/01/2022 £'000
<b>Assets</b>			
Fixed assets:			
Investments		407,110	321,092
Current assets:			
Debtors	11	3,369	5,348
Cash and bank balances		40,805	27,841
<b>Total assets</b>		<b>451,284</b>	<b>354,281</b>
<b>Liabilities</b>			
Creditors:			
Bank overdrafts		(25)	(10)
Distribution payable	10	(906)	(557)
Other creditors	12	(2,905)	(13,713)
<b>Total liabilities</b>		<b>(3,836)</b>	<b>(14,280)</b>
<b>Net assets attributable to shareholders</b>		<b>447,448</b>	<b>340,001</b>

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

### Notes to the Financial Statements for the year ended 31st January 2023

#### 1. Accounting Policies

The accounting, distribution and risk management policies for notes 1 to 4 are provided on pages 23 to 26.

#### 5. Net Capital (Losses)/Gains

Net capital (losses)/gains comprise:

	2023 £'000	2022 £'000
Non-derivative securities	(14,778)	5,643
Currency losses	(182)	(24)
Transaction charges	(8)	(2)
Net capital (losses)/gains	<u>(14,968)</u>	<u>5,617</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 31.

##### Analysis of direct transaction costs for the year ended 31st January 2023:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Debt Securities	44,041	–	–	44,041	–	–
Collective Investment Schemes	1,022	–	–	1,022	–	–
Equities	112,394	–	220	112,614	–	0.20
	<u>157,457</u>	<u>–</u>	<u>220</u>	<u>157,677</u>		
<b>Sales</b>						
Debt Securities	13,847	–	–	13,847	–	–
Collective Investment Schemes	20	–	–	20	–	–
Equities	43,630	–	(15)	43,615	–	0.03
	<u>57,497</u>	<u>–</u>	<u>(15)</u>	<u>57,482</u>		
Derivative purchases and sales		–	–			
Total cost as percentage of average net asset value		<b>0.00%</b>	<b>0.06%</b>			

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

### Notes to the Financial Statements

for the year ended 31st January 2023 (continued)

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

Analysis of direct transaction costs for the year ended 31st January 2022:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Debt Securities	29,585	–	–	29,585	–	–
Equities	165,587	–	225	165,812	–	0.14
	195,172	–	225	195,397		
<b>Sales</b>						
Debt Securities	2,960	–	–	2,960	–	–
Collective Investment Schemes	3,501	–	–	3,501	–	–
Equities	22,776	(6)	–	22,770	–	0.03
	29,237	(6)	–	29,231		
<b>Derivative purchases and sales</b>		–	–			
<b>Total cost as percentage of average net asset value</b>		0.00%	0.10%			

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.12% (31st January 2022: 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

	2023 £'000	2022 £'000
Bank interest	356	2
Franked PID revenue	141	131
Franked UK dividends	1,704	704
Interest on debt securities	2,030	513
Overseas dividends	5,805	2,631
Unfranked CIS revenue	–	65
Unfranked PID revenue	408	160
	<b>10,444</b>	<b>4,206</b>

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

### Notes to the Financial Statements

for the year ended 31st January 2023 (continued)

#### 8. Expenses

	2023 £'000	2022 £'000
<b>Payable to the ACD or associates of the ACD:</b>		
ACD's periodic charge	3,863	2,286
	<u>3,863</u>	<u>2,286</u>
<b>Payable to the Depositary or associates of the Depositary:</b>		
Depositary's fee	94	62
Safe custody charges	86	45
	<u>180</u>	<u>107</u>
<b>Other expenses:</b>		
Advisory fees	–	5
Audit fees <sup>1</sup>	13	11
Calastone fees	27	27
Electronic messaging fees	1	–
Euroclear fees	9	8
Legal fees	10	8
Printing fees	7	10
Registration fees	134	111
	<u>201</u>	<u>180</u>
<b>Total expenses</b>	<u><u>4,244</u></u>	<u><u>2,573</u></u>

<sup>1</sup> Total audit fees of £10,750 (31st January 2022: £9,350), exclusive of VAT.

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

### Notes to the Financial Statements

for the year ended 31st January 2023 (continued)

#### 9. Taxation

	2023 £'000	2022 £'000
<b>a) Analysis of charge for the year:</b>		
Irrecoverable income tax	–	–
Overseas withholding tax	400	280
<b>Total current taxation</b>	<b>400</b>	<b>280</b>
Deferred tax charge	–	–
<b>Total taxation</b>	<b>400</b>	<b>280</b>
<b>b) Factors affecting taxation charge for the year:</b>		
Net revenue before taxation	<b>6,193</b>	1,625
Net revenue multiplied by the standard rate of corporation tax of 20% (2022: 20%)	<b>1,239</b>	325
Effects of:		
Double taxation relief	<b>(3)</b>	(2)
Excess management expenses not utilised	<b>525</b>	413
Franked UK dividends	<b>(341)</b>	(141)
FX loss non-taxable	<b>(2)</b>	–
Indexed gilt edged securities adjustment	<b>(252)</b>	(56)
Non-taxable overseas dividends	<b>(1,138)</b>	(513)
Overseas withholding tax	<b>400</b>	280
Franked PID revenue	<b>(28)</b>	(26)
<b>Total tax charge (note 9a)</b>	<b>400</b>	<b>280</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 £1,704,886 (31st January 2022: £1,179,741) arising as a result of having unutilised management expenses of £8,524,429 (31st January 2022: £5,898,703). 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 Balanced Fund

### Notes to the Financial Statements

for the year ended 31st January 2023 (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:

	2023 £'000	2022 £'000
Interim distribution	1,106	576
Interim accumulation	4,633	1,705
Final distribution	906	557
Final accumulation	3,975	1,972
	<u>10,620</u>	<u>4,810</u>
Add: Revenue deducted on shares cancelled	481	227
Deduct: Revenue received on shares created	(1,064)	(1,119)
<b>Net distribution for the year</b>	<u>10,037</u>	<u>3,918</u>

#### Reconciliation between net revenue and distribution

	2023 £'000	2022 £'000
Net revenue after taxation	5,793	1,345
Add: Expenses allocated to capital	4,244	2,573
	<u>10,037</u>	<u>3,918</u>

#### 11. Debtors

	2023 £'000	2022 £'000
Accrued revenue	869	476
Amount receivable for issue of shares	2,350	4,791
Currency deals awaiting settlement	–	13
Overseas tax recoverable	130	68
Sales awaiting settlement	20	–
	<u>3,369</u>	<u>5,348</u>

#### 12. Other creditors

	2023 £'000	2022 £'000
Accrued expenses	437	358
Amount payable for cancellation of shares	2,467	528
Purchases awaiting settlement	1	12,827
	<u>2,905</u>	<u>13,713</u>

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

### Notes to the Financial Statements

for the year ended 31st January 2023 (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. The amount payable at year end is £352,548 (31st January 2022: £268,117).

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

The Investment Manager is not considered a related party to the sub-fund. However, at the year end, the sub-fund held the following Collective Investment Schemes, managed by the Investment Manager.

Fund Name	Holdings		Bid Market Value	
	2023	2022	2023	2022
Climate Assets Growth Fund B GBP Acc	9	–	£19	–
Climate Assets Growth Fund B GBP Inc	9	–	£19	–
Climate Assets Growth Fund C GBP Acc	500,755	–	£996,503	–

Where investments are held in funds managed by the Investment Manager and its associates, a rebate could be paid into the sub-fund. The rebate from underlying securities amounted to £Nil (31st January 2022: £Nil).

#### 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 2023 (31st January 2022: £Nil).

#### 16. Share Classes

The distribution per share class is given in the distribution tables on pages 50 and 51. All classes have the same rights on winding up.

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

B Sterling Income Shares	1.00%
B Sterling Accumulation Shares	1.00%
C Sterling Income Shares	0.80%
C Sterling Accumulation Shares	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 Shares	18,654,801	3,894,997	(3,628,555)	32,714	18,953,957
B Sterling Accumulation Shares	87,385,374	46,004,553	(21,383,739)	(359,219)	111,646,969
C Sterling Income Shares	16,772,635	9,698,193	(4,156,694)	(28,255)	22,285,879
C Sterling Accumulation Shares	20,598,417	23,928,658	(5,596,575)	308,001	39,238,501

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

### Notes to the Financial Statements

for the year ended 31st January 2023 (continued)

#### 17. Financial Instruments

In pursuing its investment objective set out on page 4, the sub-fund holds a number of financial instruments. These may comprise:

- equity shares, non-equity shares, shares in collective investment vehicles, fixed 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.

#### 18. Risks Disclosures

- *Market price risk* - risk management policies surrounding this risk are discussed in note 4 on pages 25 to 26.

At 31st January 2023, 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 £20,355,486 (31st January 2022: £16,054,605).

- *Foreign currency risk* - risk management policies surrounding this risk are discussed in note 4 on pages 25 to 26.

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 2023:

Currency	Monetary	Non	Total
	Exposures	Monetary Exposures	
	2023	2023	2023
	£'000	£'000	£'000
Danish kroner	27	10,295	10,322
Euro	57	52,703	52,760
Japanese yen	130	22,541	22,671
Pounds sterling	104,177	109,259	213,436
Swiss franc	84	15,867	15,951
Taiwan dollar	–	614	614
US dollar	1	131,693	131,694
	<b>104,476</b>	<b>342,972</b>	<b>447,448</b>

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

### Notes to the Financial Statements

for the year ended 31st January 2023 (continued)

#### 18. Risks Disclosures (continued)

Foreign currency exposure as at 31st January 2022:

Currency	Monetary	Non	Total
	Exposures	Monetary Exposures	
	2022	2022	2022
	£'000	£'000	£'000
Danish kroner	13	10,352	10,365
Euro	62	47,625	47,687
Japanese yen	–	15,156	15,156
Pounds sterling	62,965	75,429	138,394
Swiss franc	28	15,037	15,065
Taiwan dollar	–	1,270	1,270
US dollar	1	112,063	112,064
	63,069	276,932	340,001

At 31st January 2023, 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 £2,340,111 (31st January 2022: £2,016,068).

- *Interest rate risk* - risk management policies surrounding this risk are discussed in note 4 on pages 25 to 26.

#### Interest rate risk profile of financial assets as at 31st January 2023:

Currency	Floating Rate	Fixed Rate	Financial Assets	Total
	Financial	Financial	Not Carrying	
	Assets	Assets	Interest	
	2023	2023	2023	2023
	£'000	£'000	£'000	£'000
Danish kroner	1	–	10,295	10,296
Euro	38	–	52,703	52,741
Japanese yen	7	–	22,541	22,548
Pounds sterling	51,460	53,420	109,259	214,139
Swiss franc	–	–	15,867	15,867
Taiwan dollar	–	–	614	614
US dollar	17	–	131,693	131,710
	51,523	53,420	342,972	447,915

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

### Notes to the Financial Statements

for the year ended 31st January 2023 (continued)

#### 18. Risks Disclosures (continued)

Interest rate risk profile of financial assets as at 31st January 2022:

	Floating Rate Financial Assets 2022 £'000	Fixed Rate Financial Assets 2022 £'000	Financial Assets Not Carrying Interest 2022 £'000	Total 2022 £'000
Currency				
Danish kroner	–	–	10,352	10,352
Euro	35	–	47,625	47,660
Japanese yen	7	–	15,156	15,163
Pounds sterling	35,091	36,865	75,429	147,385
Swiss franc	–	–	15,037	15,037
Taiwan dollar	–	–	1,270	1,270
US dollar	3	–	112,063	112,066
	<u>35,136</u>	<u>36,865</u>	<u>276,932</u>	<u>348,933</u>

Interest rate risk profile of financial liabilities as at 31st January 2023:

	Floating Rate Financial Liabilities 2023 £'000	Financial Liabilities Not Carrying Interest 2023 £'000	Total 2023 £'000
Currency			
Danish kroner	(1)	–	(1)
Euro	(1)	–	(1)
Japanese yen	(7)	–	(7)
US dollar	(16)	–	(16)
	<u>(25)</u>	<u>–</u>	<u>(25)</u>

Interest rate risk profile of financial liabilities as at 31st January 2022:

	Floating Rate Financial Liabilities 2022 £'000	Financial Liabilities Not Carrying Interest 2022 £'000	Total 2022 £'000
Currency			
Japanese yen	(7)	–	(7)
US dollar	(3)	–	(3)
	<u>(10)</u>	<u>–</u>	<u>(10)</u>

At 31st January 2023, if interest rates increased or decreased by 1% against all debt securities, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £2,193,867 (31st January 2022: £636,853).

Short term debtors and creditors are excluded in the interest rate risk tables above. Forward currency contracts are quoted net and are included in the financial assets and/or liabilities not carrying interest category as applicable.

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

### Notes to the Financial Statements

for the year ended 31st January 2023 (continued)

#### 18. Risks Disclosures (continued)

The sub-fund's net cash holdings of £40,780,766 (31st January 2022: £27,831,063) are held in floating rate deposit accounts, whose rates are determined by reference to BOE for GBP or other respective central bank rates for other currencies.

- *Credit risk* - risk management policies surrounding this risk are discussed in note 4 on pages 25 to 26.

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

Credit Quality	2023 £'000	2022 £'000
Investment grade debt securities	64,138	44,160
Below investment grade debt securities	–	–
Unrated debt securities	–	–
Other investments	342,972	276,932
	<u>407,110</u>	<u>321,092</u>

- *Derivative risk* - the sub-fund does not hold any derivatives that could impact the value of the sub-fund significantly and accordingly no sensitivity analysis has been performed.
- *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 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets</b>				
Equities	341,975	–	–	341,975
Debt Securities	38,797	25,341	–	64,138
Collective Investment Schemes	–	997	–	997
	<u>380,772</u>	<u>26,338</u>	<u>–</u>	<u>407,110</u>

Valuation technique as at 31st January 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets</b>				
Equities	276,932	–	–	276,932
Debt Securities	25,267	18,893	–	44,160
	<u>302,199</u>	<u>18,893</u>	<u>–</u>	<u>321,092</u>

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).

# The Sun Portfolio Fund

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## Climate Assets Balanced Fund

### Notes to the Financial Statements

*for the year ended 31st January 2023 (continued)*

#### **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 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 Shares of 234.66p as at the close of business on 22nd May 2023 had increased on average across the share classes by 0.81% compared to the NAV at the year end of 232.77p.

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

### Distribution Tables

for the year ended 31st January 2023

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

Group 1: Shares purchased prior to 1st February 2022

Group 2: Shares purchased from 1st February 2022 to 31st July 2022

Group	Net Income	Equalisation (note 14)	2022 Net Distribution Paid	2021 Net Distribution Paid
1	2.7595	–	2.7595	2.1456
2	1.6280	1.1315	2.7595	2.1456

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

Group 1: Shares purchased prior to 1st February 2022

Group 2: Shares purchased from 1st February 2022 to 31st July 2022

Group	Net Accumulation	Equalisation (note 14)	2022 Net Accumulation	2021 Net Accumulation
1	3.1062	–	3.1062	2.3741
2	1.8052	1.3010	3.1062	2.3741

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

Group 1: Shares purchased prior to 1st February 2022

Group 2: Shares purchased from 1st February 2022 to 31st July 2022

Group	Net Income	Equalisation (note 14)	2022 Net Distribution Paid	2021 Net Distribution Paid
1	2.7000	–	2.7000	2.0954
2	1.7895	0.9105	2.7000	2.0954

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

Group 1: Shares purchased prior to 1st February 2022

Group 2: Shares purchased from 1st February 2022 to 31st July 2022

Group	Net Accumulation	Equalisation (note 14)	2022 Net Accumulation	2021 Net Accumulation
1	3.5729	–	3.5729	2.7255
2	1.9313	1.6416	3.5729	2.7255

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

Group 1: Shares purchased prior to 1st August 2022

Group 2: Shares purchased from 1st August 2022 to 31st January 2023

Group	Net Income	Equalisation (note 14)	2023 Net Distribution Paid	2022 Net Distribution Paid
1	2.2211	–	2.2211	1.5886
2	1.0206	1.2005	2.2211	1.5886

# The Sun Portfolio Fund

## Climate Assets Balanced Fund

### Distribution Tables

for the year ended 31st January 2023 (continued)

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

Group 1: Shares purchased prior to 1st August 2022

Group 2: Shares purchased from 1st August 2022 to 31st January 2023

Group	Net Accumulation	Equalisation (note 14)	2023 Net Accumulation	2022 Net Accumulation
1	2.5345	–	2.5345	1.7754
2	1.4360	1.0985	2.5345	1.7754

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

Group 1: Shares purchased prior to 1st August 2022

Group 2: Shares purchased from 1st August 2022 to 31st January 2023

Group	Net Income	Equalisation (note 14)	2023 Net Distribution Paid	2022 Net Distribution Paid
1	2.1763	–	2.1763	1.5532
2	1.0074	1.1689	2.1763	1.5532

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

Group 1: Shares purchased prior to 1st August 2022

Group 2: Shares purchased from 1st August 2022 to 31st January 2023

Group	Net Accumulation	Equalisation (note 14)	2023 Net Accumulation	2022 Net Accumulation
1	2.9191	–	2.9191	2.0405
2	1.6894	1.2297	2.9191	2.0405

# The Sun Portfolio Fund

## Climate Assets Growth Fund

### Portfolio Statement

as at 31st January 2023

Holdings	Market value £	Percentage of total net assets %
<b>EQUITIES 82.82%</b>		
<b>Brazil 1.28%</b>		
14,796 Cia de Saneamento	<b>132,064</b>	<b>1.28</b>
<b>Denmark 1.84%</b>		
1,697 Novo Nordisk	<b>189,243</b>	<b>1.84</b>
<b>France 4.57%</b>		
3,238 Amundi	170,673	1.65
1,674 Gecina	159,397	1.55
1,080 Schneider Electric	140,838	1.37
	<b>470,908</b>	<b>4.57</b>
<b>Germany 3.49%</b>		
6,194 Infineon Technologies	179,252	1.74
4,182 Siemens Healthineers	180,425	1.75
	<b>359,677</b>	<b>3.49</b>
<b>Guernsey 3.69%</b>		
160,065 John Laing Environmental Assets Group	193,679	1.88
143,078 Renewables Infrastructure	186,287	1.81
	<b>379,966</b>	<b>3.69</b>
<b>Ireland 4.17%</b>		
3,896 Medtronic	264,507	2.57
1,134 Trane Technologies	164,910	1.60
	<b>429,417</b>	<b>4.17</b>
<b>Japan 3.74%</b>		
3,200 Daiseki	86,562	0.84
700 Fanuc	99,531	0.97
2,300 Horiba	85,101	0.82
9,500 Kubota	114,489	1.11
	<b>385,683</b>	<b>3.74</b>
<b>Jersey 5.26%</b>		
2,548 Aptiv	233,794	2.27
155,452 Foresight Solar Fund	184,366	1.79
128,000 GCP Infrastructure Investments	123,904	1.20
	<b>542,064</b>	<b>5.26</b>

# The Sun Portfolio Fund

## Climate Assets Growth Fund

### Portfolio Statement

as at 31st January 2023 (continued)

Holdings	Market value £	Percentage of total net assets %
<b>Spain 2.04%</b>		
11,987 EDP Renovaveis	<b>210,204</b>	<b>2.04</b>
<b>Switzerland 3.17%</b>		
2,470 Alcon	148,435	1.44
2,463 Novartis	177,816	1.73
	<b>326,251</b>	<b>3.17</b>
<b>United Kingdom 9.32%</b>		
6,444 Compass Group	124,434	1.21
31,569 DS Smith	111,565	1.08
121,660 Greencoat UK Wind	193,561	1.88
6,988 Halma	150,032	1.45
1,533 London Stock Exchange Group	113,503	1.10
5,161 RELX	123,916	1.20
145,905 VH Global Sustainable Energy Opportunities	143,862	1.40
	<b>960,873</b>	<b>9.32</b>
<b>United States 40.25%</b>		
705 Adobe	211,849	2.06
2,049 Advanced Micro Devices	125,012	1.21
1,157 American Express	164,190	1.59
2,060 American Water Works	261,512	2.54
1,801 Ecolab	226,236	2.20
3,431 Emerson Electric	251,200	2.44
707 Intuit	242,597	2.35
1,080 Microsoft	217,174	2.11
1,065 NVIDIA	168,832	1.64
1,180 Palo Alto Networks	151,780	1.47
1,348 Republic Services	136,517	1.32
813 Rockwell Automation	186,052	1.81
3,609 Sonoco Products	178,927	1.74
663 Thermo Fisher Scientific	306,828	2.98
1,569 Union Pacific	259,960	2.52
909 Visa	169,836	1.65
2,259 Waste Management	283,548	2.75
946 Waters	252,136	2.45
1,484 Watts Water Technologies	197,036	1.91
1,842 Xylem	155,413	1.51
	<b>4,146,635</b>	<b>40.25</b>
<b>TOTAL EQUITIES</b>	<b>8,532,985</b>	<b>82.82</b>

# The Sun Portfolio Fund

## Climate Assets Growth Fund

### Portfolio Statement

as at 31st January 2023 (continued)

Holdings	Market value £	Percentage of total net assets %
<b>DEBT SECURITIES 5.72%</b>		
<b>Government Bonds 5.72%</b>		
<b>United Kingdom 5.72%</b>		
GBP 68,986 UK Gilt 0.75% 22/07/2023	68,124	0.66
GBP 143,825 UK Gilt 0.875% 22/10/2029	123,402	1.20
GBP 116,848 UK Gilt 2.00% 07/09/2025	113,363	1.10
GBP 63,008 UK Gilt 4.25% 07/03/2036	67,178	0.65
GBP 82,503 UK Gilt 4.50% 07/12/2042	90,748	0.88
GBP 114,570 UK Gilt 4.75% 07/12/2030	126,275	1.23
	<b>589,090</b>	<b>5.72</b>
<b>TOTAL DEBT SECURITIES</b>		
	<b>589,090</b>	<b>5.72</b>
<b>REAL ESTATE INVESTMENT TRUSTS 3.13%</b>		
<b>United Kingdom 3.13%</b>		
318,265 Assura	177,433	1.72
17,434 Segro	144,702	1.41
	<b>322,135</b>	<b>3.13</b>
<b>TOTAL REAL ESTATE INVESTMENT TRUSTS</b>		
	<b>322,135</b>	<b>3.13</b>
<b>Net investments 91.67%</b>		
	<b>9,444,210</b>	<b>91.67</b>
Net other assets	858,574	8.33
<b>Total net assets</b>		
	<b>10,302,784</b>	<b>100.00</b>

There are no comparative figures as the sub-fund launched on 21st September 2022.

All securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

# The Sun Portfolio Fund

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## Climate Assets Growth Fund

### Sub-fund Information

The Comparative Tables on pages 56 to 59 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 period-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

A statement on the Assessment of Value is 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 Growth Fund

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

#### Comparative Tables

##### *B Sterling Income Shares*

<b>Accounting Period</b>	<i>21/09/2022 - 31/01/2023<sup>1</sup> (pence per share)</i>
<b>Change in Net Asset Value per Share</b>	
Opening net asset value per share	200.00
Return before operating charges*	1.60
Operating charges	(0.86)
Return after operating charges*	0.74
Distributions on income shares	(0.26)
Closing net asset value per share	200.48
 *After direct transaction costs of <sup>2</sup> :	 0.20
<b>Performance</b>	
Return after charges	0.37%
<b>Other Information</b>	
Closing net asset value (£'000)	1,212
Closing number of shares	604,274
Operating charges <sup>3</sup>	1.20%
Direct transaction costs	0.10%
<b>Prices</b>	
Highest share price	201.60
Lowest share price	184.80

<sup>1</sup> There are no comparative figures shown as the share class launched on 21st September 2022.

<sup>2</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>3</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. For the period ended 31st January 2023, the sub-fund received a subsidy of other expenses amounting to £13,995, which had the effect of capping the OCF to a maximum of 1.20%.

# The Sun Portfolio Fund

## Climate Assets Growth Fund

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

### Comparative Tables *(continued)*

#### B Sterling Accumulation Shares

<b>Accounting Period</b>	21/09/2022 - 31/01/2023 <sup>1</sup> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>	
Opening net asset value per share	200.00
Return before operating charges*	1.66
Operating charges	(0.86)
Return after operating charges*	0.80
Distributions	(0.27)
Retained distributions on accumulation shares	0.27
Closing net asset value per share	200.80
*After direct transaction costs of <sup>2</sup> :	0.20
<b>Performance</b>	
Return after charges	0.40%
<b>Other Information</b>	
Closing net asset value (£'000)	4,959
Closing number of shares	2,469,632
Operating charges <sup>3</sup>	1.20%
Direct transaction costs	0.10%
<b>Prices</b>	
Highest share price	201.60
Lowest share price	184.80

<sup>1</sup> There are no comparative figures shown as the share class launched on 21st September 2022.

<sup>2</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>3</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. For the period ended 31st January 2023, the sub-fund received a subsidy of other expenses amounting to £13,995, which had the effect of capping the OCF to a maximum of 1.20%.

# The Sun Portfolio Fund

## Climate Assets Growth Fund

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

### Comparative Tables *(continued)*

#### *C Sterling Income Shares*

#### Accounting Period

21/09/2022 -  
31/01/2023<sup>1</sup>  
*(pence per share)*

#### Change in Net Asset Value per Share

Opening net asset value per share	200.00
Return before operating charges*	1.44
Operating charges	(0.71)
Return after operating charges*	0.73
Distributions on income shares	(0.39)
Closing net asset value per share	200.34

\*After direct transaction costs of <sup>2</sup>: 0.19

#### Performance

Return after charges 0.36%

#### Other Information

Closing net asset value (£'000)	155
Closing number of shares	77,378
Operating charges <sup>3</sup>	1.00%
Direct transaction costs	0.10%

#### Prices

Highest share price	201.60
Lowest share price	184.80

<sup>1</sup> There are no comparative figures shown as the share class launched on 21st September 2022.

<sup>2</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>3</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. For the period ended 31st January 2023, the sub-fund received a subsidy of other expenses amounting to £13,995, which had the effect of capping the OCF to a maximum of 1.00%.

# The Sun Portfolio Fund

## Climate Assets Growth Fund

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

### Comparative Tables *(continued)*

#### *C Sterling Accumulation Shares*

#### Accounting Period

21/09/2022 -  
31/01/2023<sup>1</sup>  
*(pence per share)*

#### Change in Net Asset Value per Share

Opening net asset value per share	200.00
Return before operating charges*	1.43
Operating charges	(0.71)
Return after operating charges*	0.72
Distributions	(0.38)
Retained distributions on accumulation shares	0.38
Closing net asset value per share	200.72

\*After direct transaction costs of <sup>2</sup>: 0.19

#### Performance

Return after charges 0.36%

#### Other Information

Closing net asset value (£'000)	3,977
Closing number of shares	1,981,482
Operating charges <sup>3</sup>	1.00%
Direct transaction costs	0.10%

#### Prices

Highest share price	201.60
Lowest share price	184.80

<sup>1</sup> There are no comparative figures shown as the share class launched on 21st September 2022.

<sup>2</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>3</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. For the period ended 31st January 2023, the sub-fund received a subsidy of other expenses amounting to £13,995, which had the effect of capping the OCF to a maximum of 1.00%.

# The Sun Portfolio Fund

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## Climate Assets Growth Fund

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

#### Risk and Reward Indicator (“RRI”)

**Lower Risk**

Typically lower rewards

**Higher Risk**

Typically higher rewards



The RRI 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 Growth Fund

### Statement of Total Return

for the period from 21st September 2022 to 31st January 2023

	Notes	21/09/2022 to 31/01/2023* £'000	21/09/2022 to 31/01/2023* £'000
Income			
Net capital gains	5		91
Revenue	7	46	
Expenses	8	(30)	
Interest payable and similar charges		(3)	
Net revenue before taxation		13	
Taxation	9	(2)	
Net revenue after taxation for the period			11
<b>Total return before distributions</b>			<b>102</b>
Distributions	10		(11)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>91</b>

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

for the period from 21st September 2022 to 31st January 2023

	Note	21/09/2022 to 31/01/2023* £'000	21/09/2022 to 31/01/2023* £'000
<b>Opening net assets attributable to shareholders</b>			–
Amounts receivable on issue of shares		12,765	
Amounts payable on cancellation of shares		(2,571)	
			10,194
Dilution levy			4
Change in net assets attributable to shareholders from investment activities			91
Retained distribution on accumulation shares	10		14
<b>Closing net assets attributable to shareholders</b>			<b>10,303</b>

\* There are no comparative figures shown as the sub-fund launched on 21st September 2022.

# The Sun Portfolio Fund

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## Climate Assets Growth Fund

### Balance Sheet

as at 31st January 2023

	Notes	31/01/2023* £'000
<b>Assets</b>		
Fixed assets:		
Investments		9,444
Current assets:		
Debtors	11	433
Cash and bank balances		<u>591</u>
<b>Total assets</b>		<u><b>10,468</b></u>
<b>Liabilities</b>		
Creditors:		
Distribution payable	10	(2)
Other creditors	12	<u>(163)</u>
<b>Total liabilities</b>		<u><b>(165)</b></u>
<b>Net assets attributable to shareholders</b>		<u><u><b>10,303</b></u></u>

\* There are no comparative figures shown as the sub-fund launched on 21st September 2022.

# The Sun Portfolio Fund

## Climate Assets Growth Fund

### Notes to the Financial Statements

for the period from 21st September 2022 to 31st January 2023

#### 1. Accounting Policies

The accounting, distribution and risk management policies for notes 1 to 4 are provided on pages 23 to 26.

#### 5. Net Capital Gains

Net capital gains comprise:

	21/09/2022 to 31/01/2023 £'000
Non-derivative securities	101
Currency losses	(10)
Net capital gains	<u>91</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 55.

##### Analysis of direct transaction costs for the period ended 31st January 2023:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Debt Securities	591	–	–	591	–	–
Equities	8,813	–	11	8,824	–	0.12
	<u>9,404</u>	–	<u>11</u>	<u>9,415</u>		
<b>Sales</b>						
Equities	73	–	–	73	–	–
	<u>73</u>	–	–	<u>73</u>		
Derivative purchases and sales		–	–			
<b>Total cost as percentage of average net asset value</b>		<b>0.00%</b>	<b>0.16%</b>			

##### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.07%, 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

	21/09/2022 to 31/01/2023 £'000
Bank interest	7
Franked PID revenue	2
Franked UK dividends	8
Interest on debt securities	5
Overseas dividends	<u>24</u>
	<u>46</u>

# The Sun Portfolio Fund

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## Climate Assets Growth Fund

### Notes to the Financial Statements

for the period from 21st September 2022 to 31st January 2023 (continued)

#### 8. Expenses

	21/09/2022 to 31/01/2023 £'000
<b>Payable to the ACD or associates of the ACD:</b>	
ACD's periodic charge	22
	<u>22</u>
<b>Payable to the Depositary or associates of the Depositary:</b>	
Depositary's fee	3
Safe custody charges	3
	<u>6</u>
<b>Other expenses:</b>	
Audit fees <sup>1</sup>	13
Euroclear fees	1
Registration fees	2
Subsidy of other expenses by the ACD	(14)
	<u>2</u>
<b>Total expenses</b>	<u><u>30</u></u>

<sup>1</sup> Total audit fees of £10,750, exclusive of VAT.

# The Sun Portfolio Fund

## Climate Assets Growth Fund

### Notes to the Financial Statements

for the period from 21st September 2022 to 31st January 2023 (continued)

#### 9. Taxation

	21/09/2022 to 31/01/2023 £'000
<b>a) Analysis of charge for the period:</b>	
Irrecoverable income tax	–
Overseas withholding tax	2
<b>Total current taxation</b>	<u>2</u>
Deferred tax charge	–
<b>Total taxation</b>	<u><u>2</u></u>
<b>b) Factors affecting taxation charge for the period:</b>	
Net revenue before taxation	13
Net revenue multiplied by the standard rate of corporation tax of 20%	3
Effects of:	
Excess management expenses not utilised	4
Franked UK dividends	(2)
Non-taxable overseas dividends	(5)
Overseas withholding tax	2
<b>Total tax charge (note 9a)</b>	<u><u>2</u></u>
<b>c) Deferred tax</b>	
Deferred tax charge (note 9a)	–
Provision at start of period	–
<b>Provision at end of period</b>	<u><u>–</u></u>

The sub-fund has not recognised a deferred tax asset of £4,188 arising as a result of having unutilised management expenses of £20,938. The unutilised management expenses will only be recovered to the extent that the sub-fund has sufficient future taxable revenue.

#### 10. Distributions

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

	21/09/2022 to 31/01/2023 £'000
Final distribution	2
Final accumulation	14
	<u>16</u>
Add: Revenue deducted on shares cancelled	3
Deduct: Revenue received on shares created	(8)
<b>Net distribution for the period</b>	<u><u>11</u></u>

# The Sun Portfolio Fund

## Climate Assets Growth Fund

### Notes to the Financial Statements

for the period from 21st September 2022 to 31st January 2023 (continued)

#### 11. Debtors

	2023 £'000
Accrued revenue	13
Amount receivable for issue of shares	332
Overseas tax recoverable	1
Subsidy of other expenses by the ACD	14
Sales awaiting settlement	73
	<u>433</u>

#### 12. Other creditors

	2023 £'000
Accrued expenses	24
Amount payable for cancellation of shares	9
Purchases awaiting settlement	130
	<u>163</u>

#### 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 period 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. The amount payable at period end is £7,514.

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

#### 14. Equalisation

Equalisation is accrued income included in the price of shares purchased during the accounting period, 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 2023.

# The Sun Portfolio Fund

## Climate Assets Growth Fund

### Notes to the Financial Statements

for the period from 21st September 2022 to 31st January 2023 (continued)

#### 16. Share Classes

The distribution per share class is given in the distribution tables on page 70. All classes have the same rights on winding up.

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

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

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

Share Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
B Sterling Income Shares <sup>1</sup>	–	625,365	(21,091)	–	604,274
B Sterling Accumulation Shares <sup>1</sup>	–	2,487,485	(17,853)	–	2,469,632
C Sterling Income Shares <sup>1</sup>	–	87,461	(10,083)	–	77,378
C Sterling Accumulation Shares <sup>1</sup>	–	3,234,501	(1,253,019)	–	1,981,482

<sup>1</sup> There are no opening figures shown as the share class launched on 21st September 2022.

#### 17. Financial Instruments

In pursuing its investment objective set out on page 4, the sub-fund holds a number of financial instruments. These may comprise:

- equity shares, non-equity shares, shares in collective investment vehicles, fixed 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 Growth Fund

### Notes to the Financial Statements

for the period from 21st September 2022 to 31st January 2023 (continued)

#### 18. Risks Disclosures

- *Market price risk* - risk management policies surrounding this risk are discussed in note 4 on pages 25 to 26.

At 31st January 2023, 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 £472,211.

- *Foreign currency risk* - risk management policies surrounding this risk are discussed in note 4 on pages 25 to 26.

At the period 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 2023:

Currency	Monetary	Non	Total
	Exposures	Monetary	
	2023	Exposures	2023
	£'000	£'000	£'000
Danish kroner	–	189	189
Euro	–	1,041	1,041
Japanese yen	3	386	389
Pounds sterling	1,444	1,971	3,415
Swiss franc	–	326	326
US dollar	1	4,942	4,943
	<b>1,448</b>	<b>8,855</b>	<b>10,303</b>

At 31st January 2023, 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 £68,877.

- *Interest rate risk* - risk management policies surrounding this risk are discussed in note 4 on pages 25 to 26.

#### Interest rate risk profile of financial assets as at 31st January 2023:

Currency	Floating Rate	Fixed Rate	Financial Assets	Total
	Financial	Financial	Not Carrying	
	Assets	Assets	Interest	2023
	2023	2023	2023	£'000
	£'000	£'000	£'000	£'000
Danish kroner	–	–	189	189
Euro	–	–	1,041	1,041
Japanese yen	–	–	386	386
Pounds sterling	591	589	1,971	3,151
Swiss franc	–	–	326	326
US dollar	–	–	4,942	4,942
	<b>591</b>	<b>589</b>	<b>8,855</b>	<b>10,035</b>

There were no financial liabilities as at 31st January 2023.

# The Sun Portfolio Fund

## Climate Assets Growth Fund

### Notes to the Financial Statements

for the period from 21st September 2022 to 31st January 2023 (continued)

#### 18. Risks Disclosures (continued)

Changes in interest rates would have no material impact to the valuation of floating rate financial assets or liabilities as at the balance sheet date. Consequently, no sensitivity analysis has been presented.

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

The sub-fund's net cash holdings of £591,208 are held in floating rate deposit accounts, whose rates are determined by reference to BOE for GBP or other respective central bank rates for other currencies.

- *Credit risk* - risk management policies surrounding this risk are discussed in note 4 on pages 25 to 26.

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

<b>Credit Quality</b>	<b>2023 £'000</b>
Investment grade debt securities	589
Below investment grade debt securities	–
Unrated debt securities	–
Other investments	8,855
	<u>9,444</u>

- *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.

<b>Valuation technique as at 31st January 2023</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
<b>Assets</b>				
Equities	8,855	–	–	8,855
Debt Securities	589	–	–	589
	<u>9,444</u>	–	–	<u>9,444</u>

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 sub-fund has not employed significant leverage in the current period.

#### 20. Post Balance Sheet Events

The latest NAV per Class B Sterling Accumulation Shares of 204.48p as at the close of business on 22nd May 2023 had increased on average across the share classes by 1.83% compared to the NAV at the period end of 200.80p.

# The Sun Portfolio Fund

## Climate Assets Growth Fund

### Distribution Tables

for the period from 21st September 2022 to 31st January 2023

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

Group 1: Shares purchased on 21st September 2022

Group 2: Shares purchased from 21st September 2022 to 31st January 2023

Group	Net Income	Equalisation (note 14)	2023 Net Distribution Paid
1	0.2608	–	0.2608
2	0.1210	0.1398	0.2608

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

Group 1: Shares purchased on 21st September 2022

Group 2: Shares purchased from 21st September 2022 to 31st January 2023

Group	Net Accumulation	Equalisation (note 14)	2023 Net Accumulation
1	0.2652	–	0.2652
2	0.0587	0.2065	0.2652

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

Group 1: Shares purchased on 21st September 2022

Group 2: Shares purchased from 21st September 2022 to 31st January 2023

Group	Net Income	Equalisation (note 14)	2023 Net Distribution Paid
1	0.3871	–	0.3871
2	0.1249	0.2622	0.3871

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

Group 1: Shares purchased on 21st September 2022

Group 2: Shares purchased from 21st September 2022 to 31st January 2023

Group	Net Accumulation	Equalisation (note 14)	2023 Net Accumulation
1	0.3836	–	0.3836
2	0.1501	0.2335	0.3836



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