

Capital International Sterling Roll-Up Fund P.L.C.

Annual Report & Audited Financial Statements

for the year ended 31 August 2017

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General Information

DIRECTORS

W J Clarke*

R C Floate

D R Q Long

D M Schuster* (Chairman)

* denotes Non-executive Director

SECRETARY

R C Floate

MANAGER AND REGISTRAR

Capital International Fund Managers Limited

Capital House

Circular Road

Douglas

Isle of Man IM1 1AG

British Isles

INVESTMENT MANAGER

Aberdeen Asset Managers Limited

10 Queen's Terrace

Aberdeen

AB10 1YG

British Isles

FIDUCIARY CUSTODIAN

Capita Trust Company (Jersey) Limited*

12 Castle Street

St Helier

Jersey JE2 3RT

British Isles

* Following acquisition by Link Administration Holdings Limited, with effect from 6th November 2017, Capita Trust Company (Jersey) Limited has changed its name to Link Corporate Services (Jersey) Limited.

AUDITOR

PricewaterhouseCoopers LLC

Sixty Circular Road

Douglas

Isle of Man IM1 1SA

British Isles

Capital International Sterling Roll-Up Fund P.L.C.

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Manager's Report

Introduction

As detailed in the previous section entitled 'General Information', the Capital International Sterling Roll-Up Fund P.L.C. (the "Fund") is managed by Capital International Fund Managers Limited ("the Manager") and the investment manager is Aberdeen Asset Managers Limited ("the Investment Manager"). This section also details the Directors, Secretary, Fiduciary Custodian and the Auditor; it should be noted that following acquisition by Link Administration Holdings Limited, with effect from 6th November 2017, the Fiduciary Custodian has changed its name from Capita Trust Company (Jersey) Limited to Link Corporate Services (Jersey) Limited.

The Fund is an Authorised Scheme for the purposes of the Collective Investment Schemes Act 2008. The Fund is established as an open-ended investment company and managed in the Isle of Man under the Companies Acts 1931 to 2004 and in accordance with the Authorised Collective Investment Schemes Regulations 2010 ("Regulations"). The Fund has elected to be a type A scheme for the purpose of the Regulations. In accordance with these Regulations, the Fund complies with the Statement of Recommended Practice ("SORP") for Authorised Funds issued by the Investment Management Association ("IMA") in May 2014 (the "IMA SORP") and includes the portfolio statement as part of the Manager's report. The Fund was originally established and authorised on the 28th January 1993.

The term 'roll-up fund', from which the Fund's name is derived, describes a fund which retains its income and gains within the fund in order to enhance the capital value of the fund and hence is reflected in the Share price. Therefore no dividends are paid to Shareholders. Roll-up funds can have considerable administrative advantages to investors who do not require a regular income from their investments and prefer to accumulate income within their investment without the need to re-invest dividends.

Important information

The Annual Report & Audited Financial Statements for the year ended 31st August 2017 (together with the Abbreviated Annual Report for the year ended 31st August 2017 that has been sent to all registered shareholders) can both be viewed on our website - www.capital-iom.com and are available for inspection at the registered office of the Fund. The website also provides daily pricing information for the Fund.

If shareholders have any questions regarding the Fund please contact our Customer Services Team on 01624 654200 - or by email on customerservices@capital-iom.com.

Investment objective, policy and strategy

The investment objective of the Fund is to provide investors with a high return before tax from a managed portfolio of fixed-interest securities, denominated in sterling, all income and interest earned being accumulated in the price of the Shares.

Investment Manager overview for the year ended 31st August 2017

Market review

Geopolitical issues were a primary focus for the UK corporate bond market over the review period. Donald Trump won a surprise victory in the US presidential election. Meanwhile in Europe, populist politics looked to be in the ascendancy, most notably in France and the Netherlands. Theresa May decided to trigger Article 50 at the end of March, setting the clock running on the UK's exit from the European Union.

Following Trump's election success in November, the risks to inflation looked to have increased, with growing expectations of tax cuts and increased spending on infrastructure. Corporate bonds were strong in all the major markets, and credit risk premiums (spreads) fell as investors added risk. Central banks such as the European Central Bank and the Bank of England bought significant amounts of bonds.

The asset class continued to deliver positive returns in the first quarter of 2017. While central banks continued to buy bonds, the main support for the asset class came from "real money" investors, and demand was sufficiently robust to soak up new issuance. Between April and June, the benign global macroeconomic environment was supported by a strong earnings season. Markets also drew comfort from the result of the French presidential election. Towards the end of June, policymakers hinted that easy monetary policy regimes may be coming to a close, driving underlying government bond yields higher.

While credit spreads edged wider in August – interrupting a significant period of outperformance – the performance of the asset class remained very positive. Some of August's volatility was caused by heightened geopolitical concerns and in anticipation of potential actions from policymakers. In September, the 10-year gilt yield rose by 33 basis points (the largest upward move in the last year) but credit spreads moved tighter, offsetting some of the price drops caused by the gilt move.

Manager's report (continued)

Performance and activity of the Fund*

In the 12 months to the end of August 2017 the Fund returned 91bps gross of fees and tax versus a benchmark return of 27bps, therefore outperforming the benchmark by 64bps. Throughout the period, subordinated banks and insurers – where the fund is overweight – made a positive contribution to performance with stronger macroeconomic conditions supporting the financials sector. Bonds from Lloyds Banking Group and Axa were among the strongest performers; we trimmed our holdings in both in August following outperformance.

Volkswagen had suffered from a barrage of bad publicity when it was found to have cheated carbon dioxide emissions tests. In April we participated in a new issue from the carmaker to reduce underweight to the name as negative news flow on the company began to wane. The fund also reduced its ultra-long Mexico position.

Stock selection in the consumer sector was boosted in particular by the overweight in Tesco Property Finance bonds. This was sold in June as the spread reached a level where the bond appeared fully valued. We also sold bonds issued by Centrica, Deutsche Telekom, taking profits after a late spring rally. The focus on reducing credit risk continued into July; bond sales included those issued by Enel, Thames Water and Apple as spreads reached levels where it was difficult to envisage further outperformance.

In the second half of the review period we reduced our structural underweight in housing association bonds, adding bonds from Peabody after yield spreads widened in the sector. We also purchased Notting Hill and THFC Funding. For much of the review period we have favoured lower beta, more defensive trades such as the regulated balance sheets of Severn Trent Water and National Grid. Broadly speaking, these have been positive for performance.

Outlook**

Credit markets are fairly valued as a whole, especially in the context of other asset classes, though with yield curves steepening bonds at the longer end are starting to feel pressure with offers noticeably outweighing bids in the market. Bond values have largely withstood the completion of the Bank of England's Corporate Bonds Purchase Scheme which helped drive spreads tighter around the turn of the year however the focus is now on tightening monetary policy, albeit gradually. Coupled with other macroeconomic and political news flow – not least ongoing Brexit negotiations – some volatility is likely over the course of 2018 and a more cautious approach appears prudent. As a result the fund continues to trim risk from the fund and add shorter bonds with a higher carry element in order to protect capital in a rising rate environment.

**The performance figures reported by the Investment Manager differ from the Comparative Table due to other Fund operating expenses.*

***Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.*

Shareholders' liability

The shareholders are only liable for the debts of the Fund to the extent of their investment.

Shares in existence

The total number of participating redeemable preference shares in existence at the beginning and at the end of the year under review were:

31 August 2016	6,332,480
31 August 2017	5,569,540

Value per share

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

31 August 2016	418.36p
31 August 2017	416.62p

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Manager's report (continued)

Portfolio statement

Portfolio details are on pages 8, 9, 10 and 11.

JP Bridle, Director

PS Moran, Director

Capital International Fund Managers Limited

4th December 2017

Comparative Table

	2017	2016	2015
	p	p	p
Change in net assets per share			
Opening net asset value per share	406.07	352.83	343.51
Return before operating charge*	2.54	57.46	13.40
Operating charges	(3.90)	(4.22)	(4.08)
Return after operating charges*	(1.37)	53.24	9.32
Distributions on preference shares	-	-	-
Closing net asset value per share	404.71	406.07	352.83
* after direct transaction costs of	0.03	0.02	0.00

Performance

Return after charges	(0.34%)	15.09%	2.71%
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Other information

Closing net asset value	22,539,948	25,714,562	25,453,952
Closing number of shares	5,569,540	6,332,480	7,214,160
Operating charges	0.96%	1.15%	1.17%
Direct transaction costs	0.008%	0.006%*	0.00%

*The 2016 comparative figure has been changed from 0.02% to 0.006% to be consistent with the 2017 calculation.

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

Performance record for the year ended	Highest offer share price	Lowest bid share price	Net allocation per share*
	p	p	p
31 August 2013	352.43	306.89	9.99
31 August 2014	364.11	313.36	25.58
31 August 2015	392.67	339.35	10.47
31 August 2016	431.57	349.41	51.35
31 August 2017	429.66	379.16	(0.03)

*Net allocation is based on average units during the year.

Ongoing charges figure ("OCF") for the year ended

	OCF/TER*
	%
31 August 2015	1.17%
31 August 2016	1.15%
31 August 2017	0.96%

*The Ongoing charges figure ("OCF") has replaced the Total expense ratio ("TER"). OCF is the total expenses paid by a share class in the year against its average daily net asset value.

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Portfolio statement

Name of investment	Quantity	Valuation	% of Fund's property
	31.08.2017	£	
Government Bonds			
ITALY GOVERNMENT INT BOND 6% 04/08/2028	100,000	125,758	0.56
UNITED KINGDOM GILT 4% 07/03/2022	279,000	324,865	1.46
UNITED KINGDOM GILT 5% 07/03/2025	154,000	202,144	0.91
UNITED KINGDOM GILT 1% 07/09/2017	150,000	151,455	0.68
UNITED KINGDOM GILT 4.5% 07/12/2042	76,000	119,242	0.53
EUROPEAN INVESTMENT BANK 4.625% 12/10/2054	66,000	113,896	0.51
Total Government Bonds		1,037,360	4.65
			(As at 31.08.2016: 7.84%)
Corporate Bonds			
ALBA 2006-2 A3A 0.45869% 15/12/2038	200,000	88,403	0.40
ALBA 2007-1 A3 0.46681% 17/03/2039	200,000	148,543	0.67
AMERICA MOVIL SAB DE CV 4.375% 07/08/2041	121,000	143,279	0.64
AMERICA MOVIL SAB DE CV 6.375% 06/09/2073	100,000	109,977	0.49
ANNINGTON FUNDING PLC 3.935% 12/07/2047	100,000	109,639	0.49
APT PIPELINES LTD 3.5% 22/03/2030	200,000	212,678	0.95
ASPIRE DEFENCE FINANCE 4.674% 31/03/2040	180,000	219,013	0.98
AT&T INC 3.55% 14/09/2037	100,000	98,870	0.44
AT&T INC 5.2% 18/11/2033	160,000	195,315	0.88
AT&T INC 7% 30/04/2040	100,000	148,995	0.67
AUTOSTRADE PER L'ITALIA 6.25% 09/06/2022	150,000	182,397	0.82
AVIVA PLC 6.875% 20/05/2058	100,000	135,268	0.61
AXA SA 6.6862% 54633	100,000	118,258	0.53
BANK OF AMERICA CORP 2.3% 25/07/2025	100,000	102,285	0.46
BANK OF AMERICA CORP 7% 31/07/2028	100,000	143,597	0.64
BARCLAYS BANK PLC 10% 21/05/2021	133,000	169,894	0.76
BARCLAYS BANK PLC 4.25% 12/01/2022	150,000	171,809	0.77
BARCLAYS BANK PLC 6.75% 44942	200,000	203,872	0.91
BAT INTL FINANCE PLC 2.25% 09/09/2052	100,000	83,044	0.37
BAT INTL FINANCE PLC 4% 04/09/2026	100,000	114,079	0.51
BAT INTL FINANCE PLC 7.25% 12/03/2024	53,000	69,950	0.31
BG ENERGY CAPITAL PLC 5% 04/11/2036	110,000	149,831	0.67
BG ENERGY CAPITAL PLC 6.5% 30/11/2072	150,000	151,845	0.68
BHP BILLITON FINANCE LTD 4.3% 25/09/2042	100,000	126,723	0.57
BK NEDERLANDSE GEMEENTEN 5.2% 07/12/2028	50,000	68,230	0.31
BUPA FINANCE PLC 2% 05/04/2024	100,000	101,057	0.45
CADENT FINANCE PLC 2.75% 22/09/2046	210,000	207,344	0.93
CENTRICA PLC 6.375% 10/03/2022	100,000	122,309	0.55
CHANNEL LINK 3.043% 30/06/2050	100,000	102,976	0.46
CHORUS LTD 6.75% 06/04/2020	100,000	113,460	0.51
CIE DE SAINT-GOBAIN 5.625% 15/11/2024	150,000	188,018	0.84
CITIGROUP INC 7.375% 01/09/2039	90,000	156,128	0.70
CNP ASSURANCES 7.375% 30/09/2041	100,000	117,976	0.53
COMMONWEALTH BANK AUST 1.125% 22/12/2021	120,000	121,174	0.54

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<i>Name of investment</i>	<i>Quantity</i>	<i>Valuation</i>	<i>% of Fund's property</i>
	<i>31.08.2017</i>	<i>£</i>	
COOPERATIEVE RABOBANK UA 4.625% 23/05/2029	140,000	162,690	0.73
COOPERATIEVE RABOBANK UA 5.375% 03/08/2060	50,000	88,834	0.40
CYBG PLC 5% 09/02/2026	100,000	102,165	0.46
DAILY MAIL & GENL TRUST 6.375% 21/06/2027	100,000	120,206	0.54
DEUTSCHE BAHN FIN GMBH 3.125% 24/07/2026	150,000	169,601	0.76
DIGNITY FINANCE PLC 4.6956% 31/12/2049	121,000	153,943	0.69
DKFLD 1 A 1.27963% 15/08/2045	100,000	70,347	0.32
DKFLD 2 A 1.53706% 20/12/2052	100,000	90,360	0.41
E.ON INTL FINANCE BV 5.875% 30/10/2037	50,000	72,082	0.32
E.ON INTL FINANCE BV 6.375% 07/06/2032	110,000	157,930	0.71
EASTERN POWER NETWORKS 6.25% 12/11/2036	140,000	215,851	0.97
ELECTRICITE DE FRANCE SA 5.125% 22/09/2050	50,000	66,132	0.30
ELECTRICITE DE FRANCE SA 5.5% 17/10/2041	200,000	268,484	1.20
ELECTRICITE DE FRANCE SA 6% 54786	100,000	106,002	0.48
ELECTRICITE DE FRANCE SA 6.25% 30/05/2028	250,000	338,899	1.52
ENEL FINANCE INTL NV 5.75% 14/09/2040	107,000	149,462	0.67
ENEL SPA 5.75% 22/06/2037	50,000	68,740	0.31
EQUITY RELEASE FUND NO 3 5.05% 26/04/2033	190,000	241,596	1.08
ESB FINANCE DAC 6.5% 05/03/2020	100,000	113,498	0.51
FCE BANK PLC 2.727% 03/06/2022	100,000	104,625	0.47
FIRSTGROUP PLC 8.75% 08/04/2021	150,000	187,424	0.84
GATWICK FUNDING LIMITED 2.625% 07/10/2046	100,000	94,668	0.42
GATWICK FUNDING LIMITED 6.125% 02/03/2026	100,000	131,036	0.59
GENERAL ELECTRIC CO 5.5% 07/06/2021	38,000	44,379	0.20
GENERAL MOTORS 2.25% 06/09/2024	120,000	119,802	0.54
GKN HOLDINGS PLC 6.75% 28/10/2019	100,000	112,067	0.50
GLAXOSMITHKLINE CAPITAL 5.25% 10/04/2042	160,000	236,716	1.06
GMG 2015-1 A 1.22963% 16/02/2047	100,000	10,891	0.05
GREAT ROLLING STOCK LTD 6.5% 05/04/2031	100,000	121,846	0.55
HBOS CAPITAL FUNDING LP 6.461% 54756	70,000	74,032	0.33
HEATHROW FUNDING LTD 5.875% 13/05/2043	150,000	226,639	1.02
HEATHROW FUNDING LTD 6.25% 10/09/2018	52,000	54,727	0.25
HEATHROW FUNDING LTD 6.45% 10/12/2031	70,000	102,887	0.46
HEATHROW FUNDING LTD 6.75% 03/12/2026	50,000	69,432	0.31
HSBC BANK FUNDING STER 5.844% 29/11/2049	150,000	187,853	0.84
HSBC BANK PLC 5.375% 22/08/2033	129,000	169,770	0.76
HSBC HOLDINGS PLC 5.75% 20/12/2027	139,000	173,830	0.78
HSBC HOLDINGS PLC 6.375% 18/10/2022	100,000	100,564	0.45
HUTCHISON WHAMPOA FIN UK 5.625% 24/11/2026	100,000	130,649	0.59
IMPERIAL BRANDS FIN PLC 7.75% 24/06/2019	50,000	55,948	0.25
IMPERIAL BRANDS FIN PLC 9% 17/02/2022	113,000	148,960	0.67
INNOGY FINANCE BV 4.75% 31/01/2034	100,000	125,148	0.56
INNOGY FINANCE BV 6.125% 06/07/2039	100,000	150,015	0.67
INTERCONTINENTAL HOTELS 3.75% 14/08/2025	100,000	112,562	0.50
INTERCONTINENTAL HOTELS 3.875% 28/11/2022	110,000	121,694	0.49
LCR FINANCE PLC 5.1% 07/03/2051	77,000	135,857	0.35
LLOYDS BANK PLC 6.5% 17/09/2040	150,000	248,149	0.67
LLOYDS BANK PLC 7.5% 15/04/2024	190,000	259,423	0.85

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<i>Name of investment</i>	<i>Quantity</i>	<i>Valuation</i>	<i>% of Fund's property</i>
	<i>31.08.2017</i>	<i>£</i>	
LLOYDS BANK PLC 7.625% 22/04/2025	100,000	136,122	0.45
LONDON & QUADRANT HOUSIN 3.75% 27/10/2049	100,000	122,915	0.45
MAN AIR GRP FND P 4.125% 02/04/2024	100,000	114,725	0.45
MCDONALD'S CORP 4.125% 11/06/2054	100,000	125,875	0.45
METLIFE INC 5.375% 09/12/2024	200,000	252,021	0.90
MOTABILITY OPERATIONS GR 5.625% 29/11/2030	100,000	140,066	0.45
MUNICH RE 6.625% 26/05/2042	200,000	241,456	0.90
NATIONAL CAPITAL TRUST 5.62% 29/09/2049	200,000	209,988	0.90
NATIONWIDE BLDG SOCIETY 5.625% 28/01/2026	160,000	213,555	0.72
NIE FINANCE PLC 6.375% 02/06/2026	130,000	176,123	0.58
NORTHERN GAS NETWORKS 4.875% 15/11/2035	130,000	175,708	0.58
OFFA 1 A 1.53994% 14/06/2050	100,000	78,210	0.45
ORANGE SA 5.375% 22/11/2050	50,000	74,091	0.22
ORANGE SA 5.875% 44599	102,000	113,583	0.46
ORBIT CAPITAL PLC 3.5% 24/03/2045	100,000	109,934	0.45
PARAGON MTGE 23 A2 1.39469% 15/01/2043	100,000	57,144	0.45
PCLF 2017-1 A 1.00044% 15/06/2022	100,000	100,078	0.45
PEABODY CAPITAL NO TWO 4.625% 12/12/2053	100,000	144,986	0.45
PMF 2017-1B A 1.147% 12/03/2054	300,000	300,518	1.34
PREMIERTEL PLC 6.175% 08/05/2032	60,000	64,264	0.27
PRUDENTIAL PLC 11.375% 29/05/2039	130,000	152,332	0.58
QBE INSURANCE GROUP LTD 6.115% 24/05/2042	112,000	126,233	0.50
RABOBANK CAP FD TR IV 5.556% 29/10/2049	150,000	215,952	0.90
RL FINANCE BONDS NO3 6.125% 13/11/2028	100,000	117,201	0.45
RMPA SERVICES PLC 5.337% 30/09/2038	100,000	101,859	0.45
RMS 28 A 1.43869% 15/06/2046	100,000	56,644	0.45
ROYAL BK OF SCOTLAND PLC 7.5% 29/04/2024	98,000	132,116	0.44
RSA INSURANCE GROUP PLC 5.125% 10/10/2045	100,000	113,770	0.45
SANTANDER UK GROUP HLDGS 3.625% 14/01/2026	100,000	108,835	0.45
SCENTRE GROUP TRUST 1/2 2.375% 08/04/2022	150,000	157,148	0.67
SCOT AMICABL 8.5 8.5% 30/06/2018	173,000	183,217	0.78
SEGRO PLC 5.75% 20/06/2035	50,000	72,571	0.22
SEVERN TRENT WATER UTIL 2.75% 05/12/2031	100,000	105,630	0.45
SOCIETY OF LLOYD'S 4.75% 30/10/2024	100,000	114,476	0.45
SOUTHERN GAS NETWORK PLC 6.375% 15/05/2040	74,000	119,876	0.33
SSE PLC 3.875% 31/12/2049	200,000	207,136	0.90
SSE PLC 8.375% 20/11/2028	70,000	112,326	0.31
STAGECOACH GROUP PLC 4% 29/09/2025	100,000	110,092	0.45
STANDARD CHARTERED BANK 7.75% 29/10/2049	150,000	175,877	0.67
STANDARD LIFE ABERDEEN 6.75% 54633	100,000	120,935	0.45
SVENSKA HANDELSBANKEN AB 2.75% 05/12/2022	205,000	222,347	0.92
TELEREAL SECURITISATION 4.0902% 10/12/2033	100,000	105,244	0.45
TESCO PROPERTY FIN 3 PLC 5.744% 13/04/2040	87,000	95,968	0.39
THAMES WATER UTIL CAYMAN 5.5% 11/02/2041	100,000	144,595	0.45
THAMES WATER UTIL FIN 5.125% 28/09/2037	80,000	108,909	0.36
THFC FUNDING NO 2 PLC 6.35% 08/07/2039	80,000	124,542	0.36
TIME WARNER CABLE LLC 5.75% 02/06/2031	60,000	71,388	0.27
TRANSPORT FOR LONDON 2.125% 24/04/2025	600,000	636,630	2.69
UPP BOND ISSUER PLC 4.9023% 28/02/2040	100,000	119,361	0.45
VERIZON COMMUNICATIONS 4.75% 17/02/2034	120,000	142,027	0.54

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<i>Name of investment</i>	<i>Quantity</i>	<i>Valuation</i>	<i>% of Fund's property</i>
	<i>31.08.2017</i>	<i>£</i>	
VICINITY CENTRES 3.375% 07/04/2026	100,000	109,344	0.45
VIRGIN MEDIA SECURED FIN 6.25% 28/03/2029	100,000	108,845	0.45
VOLKSWAGEN FIN SERV NV 2.25% 12/04/2025	70,000	70,630	0.31
WAL-MART STORES INC 5.625% 27/03/2034	100,000	145,899	0.45
WELLS FARGO & COMPANY 1.375% 30/06/2022	100,000	100,274	0.45
WELLTOWER INC 4.8% 20/11/2028	100,000	119,049	0.45
WESTERN POWER DIST WEST 5.75% 16/04/2032	150,000	209,244	0.67
WESTERN POWER DISTRIBUT 9.25% 09/11/2020	137,000	172,346	0.61
WESTERN POWER DISTRIBUTI 3.625% 06/11/2023	100,000	109,372	0.45
WESTPAC BANKING CORP 1% 30/06/2022	100,000	99,928	0.45
WESTPAC BANKING CORP 2.625% 14/12/2022	100,000	107,129	0.45
YORKSHIRE BUILDING SOC 3.5% 21/04/2026	100,000	107,970	0.45
YORKSHIRE BUILDING SOC 4.75% 12/04/2018	160,000	164,166	0.72
Total Corporate Bonds		20,215,440	90.61
			(As at 31.08.2016: 91.68%)
Total Bonds		21,252,800	95.26
Bank Balances		1,058,369	4.74
			(As at 31.08.2016: 0.48%)
		22,311,169	100.00

The total purchase costs for the year were £8,076,428 (2016: £7,499,626) and the total sale proceeds were £11,058,439 (2016: £8,088,549)

Credit rating analysis

Due to licence restrictions, individual credit ratings have not been disclosed. However a credit quality analysis is disclosed below in accordance with paragraph 3.17 of the IMA SORP.

	Market Value As at 31.08.2017	Market Value As at 31.08.2016
	£	£
Investment Grade	20,599,665	23,769,214
Non-investment grade	653,135	1,370,175
Total debt securities	21,252,800	25,139,389

Capital International Sterling Roll-Up Fund P.L.C.

Annual Report & Audited Financial Statements for the year ended 31st August 2017

Report of the Directors

The Directors have pleasure in submitting their Annual Report & Audited Financial Statements of the Fund for the year ended 31 August 2017.

Introduction

The principal activity of the Fund is the investment into a managed portfolio of predominately fixed-interest securities, denominated in sterling, with all income and interest earned being accumulated in the price of shares.

Review of activities

The results of the Fund are set out on page 14. The change in net assets attributable to holders of participating redeemable shares from investment activities during the year was a decrease of £167,402 (2016: increase of £3,478,275).

Directors

The current Board of Directors are:

William Juan Clarke (Non-Executive Director)

Juan was appointed as a Director in March 2012 and has continued in a non-executive capacity since the divestment of the Manager from the Lloyds Banking Group in 2015. Up until March 2016 Juan was Managing Director of the Clerical Medical International (CMI) Group of Companies comprising trust, fund management and venture capital investment companies and Scottish Widows' offshore insurance arm, CMI Insurance Company Limited (now known as RL360 Life Insurance Company Limited). He has over 30 years' experience, initially joining Barclaytrust in 1982 and moving to CMI in 1991, having held various senior positions specialising in insurance, investments and fund management. Juan is a board member of The Isle of Man Financial Services Authority, appointed in March 2016, and is a Non-executive Director of a Lloyds Banking Group Fund based in Luxembourg. He is a Chartered Fellow of the Chartered Institute for Securities and Investment and has Chartered Wealth Manager status with the Institute.

Robert Cameron Floate

Appointed in June 2015, Robert qualified as a Solicitor in 1980 and was admitted as a member of the Law Society in England and Wales. Robert joined Capital International Limited (CIL) in 1996 and became Compliance Officer in 1997, fulfilling the latter role until 2010 and again during 2015. He joined the Board of CIL in 2001 and became a Non-Executive Director in 2008. He is also appointed Company Secretary to all Capital International Group companies. Robert is a Chartered Member of the Chartered Institute for Securities & Investment and holds the Institute of Directors Diploma in Company Direction and is an Associate of the Compliance Institute.

David Robert Quertier Long

Appointed in June 2015, David began his investment career in 1997, joining Mercury Asset Management Limited which was subsequently taken over by Merrill Lynch. David specialised in managing private client bond portfolios and was responsible for managing the asset allocation for over \$1.5billion of client assets including eight unit trusts. David joined Capital International Limited in 2002. He was appointed Chief Investment Officer in 2008 and joined the Capital International Group Board in 2010 and is one of the controlling shareholders of the Capital International Group of companies. David is a Chartered Fellow of the Chartered Institute for Securities and Investments and holds the Institute of Directors Diploma in Company Direction. He also holds the UK Society of Investment Professionals Investment Management Certificate and in March 2014 attained Chartered Wealth Manager status.

David Michael Schuster (Chairman) (Non-Executive Director)

Appointed as an Executive Director in January 1993, David became a Non-Executive Director in September 2006 following his retirement from the CMI Group of Companies. David joined Clerical Medical in 1973 and held a number of senior executive positions before being appointed General Manager of the Isle of Man business in 2004. David is a Fellow of the Association of Chartered Certified Accountants, past Chairman of the Manx Insurance Association and past Deputy Chairman of the Association of International Life Offices. David was appointed as Chairman with effect from 1st June 2015.

Director's interests

No Director had an interest, beneficial or non-beneficial, in the issued share capital of the fund as at 31 August 2017 or during the year.

Auditor

PricewaterhouseCoopers LLC, being eligible, has expressed its willingness to continue in office in accordance with Section 12(2) of the Isle of Man Companies Act 1982.

Capital International Sterling Roll-Up Fund P.L.C.

On behalf of the Board

DRQ Long
Director

4th December 2017

Statement of Director's responsibilities in respect of the Annual Report & Audited Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Isle of Man law and regulations.

Company law requires the Directors to prepare financial statements for each financial year.

The Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 of the Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102").

The financial statements are required by law to give a true and fair view of the state of affairs of the Fund and of the net revenue/(expense) and the net capital gains/(losses) of the scheme property of the Fund for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Fund's transactions and disclose with reasonable accuracy at any time the financial position of the Fund and to enable them to ensure that the financial statements comply with the principal constitutional documents, the Statement of Recommended Practice ("SORP") for Authorised Funds issued by the Investment Management Association ("IMA") in May 2014 (the "IMA SORP"), the Authorised Collective Investment Schemes Regulations 2010 and the Isle of Man Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Fund's section of the Manager's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

DRQ Long
Director

4th December 2017

Capital International Sterling Roll-Up Fund P.L.C.

Annual Report & Audited Financial Statements for the year ended 31st August 2017

Statement of total return

	Note	Year ended 31.08.2017		Year ended 31.08.2016	
		£	£	£	£
Income					
Net capital (losses)/gains	4		(905,360)		2,727,190
Revenue	5	970,432		1,037,251	
Expenses	6	<u>(232,474)</u>		<u>(286,166)</u>	
Net revenue before taxation		737,958		751,085	
Taxation	7	<u>-</u>		<u>-</u>	
Net revenue after taxation		<u>737,958</u>		<u>751,085</u>	
Total return before distributions			(167,402)		3,478,275
Finance costs: Distributions			-		-
Change in net assets attributable to holders of participating redeemable shares from investment activities			<u>(167,402)</u>		<u>3,478,275</u>

Statement of change in net assets attributable to holders of participating redeemable shares

	Year ended 31.08.2017		Year ended 31.08.2016	
	£	£	£	£
Opening net assets attributable to holders of participating redeemable shares		25,714,562		25,453,952
Amounts receivable on issue of shares	478,517		170,459	
Amounts payable on cancellation of shares	<u>(3,485,729)</u>		<u>(3,388,124)</u>	
		(3,007,212)		(3,217,665)
Change in net assets attributable to holders of participating redeemable shares from investment activities (see statement of total return above)		(167,402)		3,478,275
Closing net assets attributable to holders of participating redeemable shares		<u>22,539,948</u>		<u>25,714,562</u>

The notes on pages 16 to 23 form part of these financial statements.

Capital International Sterling Roll-Up Fund P.L.C.

Annual Report & Audited Financial Statements for the year ended 31st August 2017

Balance Sheet

	<i>Note</i>	<i>As at 31.08.2017</i>		<i>As at 31.08.2016</i>	
		£	£	£	£
Assets					
Investment assets			21,252,800		25,139,389
Debtors	8	452,635		564,845	
Cash and bank balances	9	<u>1,058,369</u>		<u>122,623</u>	
Total other assets			1,511,004		687,468
Total assets			<u>22,763,804</u>		<u>25,826,857</u>
Equity and liabilities					
Equity					
Management shares	12	10		10	
Nominal shares	12	<u>45,894</u>		<u>45,131</u>	
Total equity			45,904		45,141
Liabilities					
Creditors	10	<u>177,952</u>		<u>67,154</u>	
Total other liabilities			177,952		67,154
Total equity and other liabilities			<u>223,856</u>		<u>112,295</u>
Net assets attributable to holders of participating redeemable shares			<u>22,539,948</u>		<u>25,714,562</u>

The financial statements on pages 14 to 23 were approved and authorised for issue by the Board of Directors on 4th December 2017 and signed on its behalf by:

DRQ Long, Director

RC Floate, Director

Notes to the Financial Statements

1. Accounting policies

- a** The financial statements on pages 14 to 23 have been prepared in compliance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 of the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland as amended March 2016 ("FRS 102"), the Authorised Collective Investment Schemes Regulations 2010 and Isle of Man Companies Acts 1931-2004.

The financial statements comply with the requirements of the Statement of Recommended Practice ("SORP") for Authorised Funds issued by the Investment Management Association ("IMA") in May 2014 (the "IMA SORP").

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

The functional currency of the Fund is GBP, as all its investments are denominated in GBP, its performance is measured and reported in GBP, and all shares are denominated in GBP. The Fund's presentation currency is GBP.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. In the opinion of the Directors there are no critical accounting estimates or areas of significant judgement made in the preparation of these financial statements.

b Financial instruments

Financial assets:

Basic financial assets, including loan receivables, trade and other receivables and cash at bank, are initially recognised at transaction price, unless the arrangement constitutes a financing arrangement, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Total Return.

Other financial assets, including investments, are initially measured at fair value, which is normally the transaction (bid) price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statement of Total Return, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of ownership of the asset are transferred to another party or (iii) despite having retained some significant risk and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities:

Basic financial liabilities, including accruals and loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, which is when the contractual obligation is discharged, cancelled or expires.

- c** Cash and cash equivalents includes cash at bank, deposits held at call with banks or other short-term highly liquid investments with original maturities of three months or less.
- d** Interest receivable on bank deposits and investments in debt securities is recognised on an accruals basis in accordance with the IMA SORP.
- e** Gains and losses on disposal and revaluation of investments in debt securities are taken to the statement of total return and the balance on the total return after distributions is taken to the capital reserve.
- f** The premium receivable on the issue of redeemable participating shares is credited to the share premium account. On redemption of participating redeemable shares the premium repayable is debited to the share premium account. Should the share premium account be fully utilised, premiums on redemption will be charged against other realised capital reserves.
- g** All participating redeemable shares issued by the Fund provide the investors with the right to require redemption for cash at the value proportionate to the investor's share in the Fund's net assets at the redemption date. In accordance with FRS 102 such investments give rise to a financial liability for the present value of the redemption amount.
- h** The Fund has, in accordance with the IMA SORP and FRS 102 Section 7.1 A (c), exercised its right of exemption from preparing a cash flow statement.
- i** All expenses are recognised on an accruals basis and charged against revenue.

Notes to the financial statements *(continued)*

2. Management Charge

A recurring charge at an annual rate of 0.7% is payable to the Manager each month, calculated daily on the net asset value of the Fund.

3. Fiduciary custodian and sub custodian fees

A recurring charge at an annual rate of 0.035% payable to the fiduciary custodian each month, calculated daily on the net asset value of the Fund (subject to a minimum annual fee of £20,000). In addition to this, the sub custodian charges the Fund a monthly safe custody fee for the safekeeping of the Fund's assets.

4. Net capital (losses)/gains

	31.08.2017	31.08.2016
	£	£
Non-derivative		
Net capital (losses)/gains during the year comprise:		
Realised gain on sale of investments	913,866	653,746
Unrealised (losses)/gains on revaluation of investments	(1,819,226)	2,073,444
Net capital gains	(905,360)	2,727,190

5. Revenue

	31.08.2017	31.08.2016
	£	£
Non-derivative:		
Interest income from investments in debt securities	970,432	1,037,251
Total revenue	970,432	1,037,251

6. Expenses

	31.08.2017	31.08.2016
	£	£
Payable to the Manager and Registrar		
Management charge	175,153	184,731
	175,153	184,731
Payable to the Fiduciary Custodian		
Fiduciary custodian fees	19,999	19,945
	19,999	19,945
Other expenses		
Directors' fees	10,000	9,973
Regulatory fees	2,657	2,653
Audit fees	16,808	14,965
Accounts preparation fees	2,600	2,500
Printing and postage	5,000	4,832
Sub custody fees	11,125	10,013
Withholding tax (net)	(15,868)	36,002
Sundry expenses	5,000	552
	37,322	81,490
Total expenses	232,474	286,166

Notes to the financial statements (continued)

7. Taxation

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

8. Debtors

	31.08.2017	31.08.2016
Comprised as follows:	£	£
Interest receivable on debt securities	404,606	517,579
Other debtors	48,029	47,266
	<u>452,635</u>	<u>564,845</u>

9. Cash

	31.08.2017	31.08.2016
	£	£
Cash and bank balances	1,058,369	122,623
	<u>1,058,369</u>	<u>122,623</u>

10. Creditors

	31.08.2017	31.08.2016
Comprised as follows:	£	£
Accrued fees and expenses	58,150	67,154
Due to broker	119,802	-
	<u>177,952</u>	<u>67,154</u>

11. Related Party disclosure

RL 360 Life Insurance Company Limited invests in the Fund and the number of redeemable participating shares held by them at the balance sheet date was 2,850,243 (2016: 3,453,549). The movement in redeemable participating shares held by RL 360 Life Insurance Company Limited in the year is made up as follows: shares issued 17,447 (2016: 27,851) for which they paid £70,000 (2016: £105,000), and shares redeemed 596,657 (2016: 472,966) for which they received £2,356,019 (2016: £1,734,700).

Any redeemed shares are repurchased by the Manager of the Fund. At the balance sheet date, £45,894 was owed from the Manager to the Fund (2016: £45,131).

The Manager holds the Management shares in the Fund. The shares were issued at par for £10 (2016: £10) which was owed to the Fund by the Manager at 31 August 2017 and 2016.

Jeremy Bridle, Greg Ellison, Juan Clarke, Anthony Long and Paul Moran are Directors of the Manager and Robert Floate is the Secretary of the Fund and the Manager; management fees payable to the Manager are detailed in notes 2 and 6.

Notes to the financial statements (continued)

12. Share capital

	31.08.2017	31.08.2016
a Authorised share capital	£	£
10 management shares of £1 each	10	10
199,990,000 unclassified shares of 0.1p each	199,990	199,990
	200,000	200,000
b Issued share capital	£	£
Management shares of £1 each		
Balance brought forward and carried forward	10	10
Nominal shares of 0.1p each		
Balance brought forward	45,131	44,250
Issued during the year	887	928
Redeemed during the year	(124)	(47)
Balance carried forward	45,894	45,131
Participating shares of 0.1p each		
Balance brought forward	6,333	7,214
Issued during the year	124	47
Redeemed during the year	(887)	(928)
Balance carried forward	5,570	6,333
Total issued share capital	51,474	51,474
	No. of shares	No. of shares
Number of management shares of £1 each		
Balance brought forward and carried forward	10	10
Nominal shares of 0.1p each		
Balance brought forward	45,131,800	44,250,120
Issued during the year	887,110	928,200
Redeemed during the year	(124,170)	(46,520)
Balance carried forward	45,894,740	45,131,800
Participating shares of 0.1p each		
Balance brought forward	6,332,480	7,214,160
Issued during the year	124,170	46,520
Redeemed during the year	(887,110)	(928,200)
Balance carried forward	5,569,540	6,332,480
Total shares in issue	51,464,290	51,464,290

Notes to the financial statements (continued)

12. Share capital (continued)

Management shares are not redeemable, have no voting rights and do not entitle the holder to receive any dividends. On a winding-up, shareholders are entitled to receive the balance after the nominal and participating shareholders have been paid.

Nominal shares are issued at par to provide funds for the redemption of the nominal value of participating shares. They may be converted in to participating shares. They have no rights or rights to dividend. On a winding up, the shareholders are entitled to the nominal value of the shares after the participating shareholders have been paid.

Participating shares are classed as financial liabilities and confer the right to a proportionate share in the property of the Fund and to dividends as determined by the Directors. They may be redeemed on any dealing day. Each share carries one vote. On a winding-up, the shareholders are entitled to a share of the assets available for distribution in accordance with their respective interest in the property of the Fund before other shareholders are paid.

c Holding over 5%	31.08.2017	31.08.2016
RL 360 Life Insurance Company Limited	51%	55%

13. Reserves

	31.08.2017	31.08.2016
	£	£
Share premium		
Opening balance 1 September	-	-
Issue of shares during the year	478,393	170,412
Redemption of shares during the year	(3,484,842)	(3,387,196)
Transfer from capital reserve	3,006,449	3,216,784
Closing balance 31 August	-	-
Capital reserve	£	£
Opening balance 1 September	25,708,229	25,446,738
Transfer from statement of total return	(167,402)	3,478,275
Transfer to share premium	(3,006,449)	(3,216,784)
Closing balance 31 August	22,534,378	25,708,229
Net assets attributable to holders of participating shares consist of:	£	£
Share capital - participating shares	5,570	6,333
Capital reserves	22,534,378	25,708,229
	22,539,948	25,714,562

Notes to the financial statements *(continued)*

14. Financial instruments

General

The investment objective of the Fund is to provide investors with a high return before tax from a managed portfolio of fixed-interest securities, denominated in sterling, all income and interest earned being accumulated in the price of the Shares. In pursuing this investment objective, the Fund holds a number of financial instruments. The Fund's financial instruments comprise debt securities, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for share issues, and payable for share cancellations and debtors for accrued revenue.

The Fund's financial instruments consist of the following categories:

	31.08.2017	31.08.2016
	£	£
Financial assets at fair value through profit or loss - debt securities	21,252,800	25,139,389
Financial assets at amortised cost:		
Debtors	452,635	564,845
Cash at bank	1,058,369	122,623
Financial liabilities at amortised cost:		
Creditors	(177,952)	(67,154)

The main risks arising from the financial instruments are market risk, liquidity risk and credit risk. The Fund Manager's policies for managing these risks are summarised below and have been applied throughout the year.

Market risk

Market price risk

Market price risk, being the risk that the value of the Fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate movements.

Market price risk represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund's Manager regularly reviews the asset allocation of the portfolio in order to minimise the risk associated with particular sectors whilst continuing to follow the investment objectives. The Fund's Manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described in the Scheme Particulars and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest bearing assets held by the Fund are cash and bank balances shown in note 9 and fixed and floating rate debt securities.

Below is an analysis of the financial assets, for details of the individual Fund holdings, please see the Portfolio statement on pages 8 to 11.

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
31 August 2017	5,352,801	16,958,368	452,635	22,763,804
31 August 2016	4,843,729	20,418,283	564,845	25,826,857

Notes to the financial statements (continued)**14. Financial instruments (continued)****Market risk (continued)**

The Fund has no financial liabilities other than short-term creditors and participating shares.

Interest receivable on cash is in general linked to the Bank of England base rate.

	Fixed rate financial assets	
	Weighted average interest rate	Weighted average period for which rate is fixed
31 August 2017	5.06%	16.38 years
31 August 2016	5.36%	17.47 years

The maturity of the non-interest bearing instruments is less than a year.

Floating rate bond interest is calculated using daily published rates.

Fair value of financial assets and liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet and their fair value. The main liability of the Fund is its obligation to redeem shares on demand.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities.

The Fund holds assets comprising mainly readily realisable securities and has no significant unlisted securities. The main liability of the Fund is the cancellation of shares by shareholders. This risk is minimised by holding cash and readily realisable securities.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the Fund's Manager as an acceptable counterparty and these are reviewed on an ongoing basis.

The majority of the Fund's holdings are in investment grade bonds as shown in the Portfolio statement on pages 8 to 11. The holdings are spread across a variety of industry sectors to avoid concentrations of credit risk.

Assets of the Fund may need to be sold if insufficient cash is available to finance redemptions. The Fund holds cash and cash deposits which potentially exposes the Fund to counterparty risk, the Manager constantly reviews the bank at which cash is deposited. Currently, the cash is held with RBS and BNY Mellon which have a credit rating of A3 and Aa2 respectively (2016: Cash held with RBS and BNY Mellon had a credit rating of Ba1 and Aa1 respectively).

Notes to the financial statements *(continued)*

15. Fair value hierarchy

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective. The disclosure is spilt into the following categories:

Level 1 - quoted prices for identical instruments in active markets. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions for the same financial instrument on an arm's length basis. For this purpose a quoted price is a price at which the party performing the fair value measurement can enter into a transaction. Therefore the price must be binding on the party providing the quote.

Level 2 - inputs, other than quoted prices in level 1, that are observable (ie developed using market data) either directly, such as prices, or indirectly, which are derived from prices. Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

Level 3 - valuation techniques that use inputs that are unobservable (ie non-market data).

At 31 August 2017 and 31 August 2016, all of the Fund's investments were classified as level 2.

16. Portfolio transactions

	31.08.2017	31.08.2016
	£	£
Analysis of total purchase costs		
Purchases in period before transaction costs	8,075,583	7,498,861
Purchase costs	845	765
Gross purchases total	8,076,428	7,499,626
Analysis of total sale costs		
Gross sales before transaction costs	11,059,584	8,089,414
Sale costs	(1,145)	(865)
Total sales net of transaction costs	11,058,439	8,088,549

Average portfolio dealing spread

At the balance sheet date the average portfolio dealing spread was 0.63% (2016: 0.77%). This spread represents the difference between the bid and offer prices of the Fund's investments expressed as a percentage of the value determined by reference to the offer price.

17. Contingent liabilities

There were no contingent liabilities or commitments outstanding at the date of the financial statements.

18. Post balance sheet events

There have been no material post balance sheet events which have a bearing on the understanding of the financial statements.

Independent auditor's report to the members of Capital International Sterling Roll-Up Fund P.L.C.

Report on the audit of the financial statements

Our opinion

In our opinion, Capital International Sterling Roll-Up Fund P.L.C.'s ("the Fund") financial statements:

- give a true and fair view of the state of the Fund's affairs as at 31 August 2017 and of its loss for the year then ended in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association, the Authorised Collective Investment Schemes Regulations 2010, the Isle of Man Companies Acts 1931 to 2004 and the Fund's Principal Constitutional Documents.

What we have audited

Capital International Sterling Roll-Up Fund P.L.C.'s financial statements comprise:

- the balance sheet as at 31 August 2017;
- the statement of total return for the year then ended;
- the statement of change in net assets attributable to holders of participating redeemable shares for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

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

Independence

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with United Kingdom Accounting Standards, Isle of Man law and the Fund's Principal Constitutional Documents, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

Independent auditor's report to the members of Capital International Sterling Roll-Up Fund P.L.C. (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report, including the opinion, has been prepared for and only for the Fund's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 and Section 20 of the Authorised Investment Schemes Regulations and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Adequacy of accounting records and information and explanations received

Under the Isle of Man Companies Acts 1931 to 2004 we are required to report to you by exception if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper books of account have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us;
- the Fund's financial statements are not in agreement with the books of account and returns; and
- certain disclosures of directors' loans and remuneration specified by law have not been complied with.

We have no exceptions to report arising from this responsibility.

Under the Authorised Collective Investment Schemes Regulations 2010 we are required to report to you by exception if, in our opinion, proper accounting records for the Fund have not been kept, or whether the financial statements are not in agreement with those records.

We have no exceptions to report arising from this responsibility.

Capital International Sterling Roll-Up Fund P.L.C.

Annual Report & Audited Financial Statements for the year ended 31st August 2017

Independent auditor's report to the members of Capital International Sterling Roll-Up Fund P.L.C. (continued)

Opinion on matters prescribed by the Authorised Collective Investment Schemes Regulations 2010

Under the Authorised Collective Investment Schemes Regulations 2010 we are required to report on other prescribed matters. In our opinion:

- we have obtained all the information and explanations, which to the best of our knowledge and belief, we consider necessary for the purposes of the audit; and
- the information given in the Manager's Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

PricewaterhouseCoopers LLC

Chartered Accountants

Douglas

Isle of Man

December 2017

Capital International Sterling Roll-Up Fund P.L.C.

Annual Report & Audited Financial Statements for the year ended 31st August 2017

Report of the Fiduciary Custodian

The fiduciary custodian has responsibility for the safekeeping of the Fund's assets and must take reasonable care to ensure that the scheme is managed by the Manager in accordance with the Regulations relating to, inter alia, investment and borrowing powers, dealing and valuation and pricing, and the Fund's constitutional documents and scheme particulars.

In respect of the year ended 31 August 2017 we state that, in our opinion, Capital International Fund Managers Limited ("the Manager") has managed Capital International Sterling Roll-Up Fund P.L.C. in the above period:

- a. in accordance with the limitations imposed upon the investment and the borrowing powers of the Manager and ourselves as fiduciary custodian by the principal constitutional documents, by the Scheme particulars and by the Authorised Collective Investment Schemes Regulations 2010, and
- b. otherwise in accordance with the provisions of the principal constitutional documents and the Authorised Collective Investment Schemes Regulations 2010, and
- c. the issue, sale, redemption and cancellation, and calculation of the price of the shares and the application of the scheme's income, have at all times been carried out in accordance with the provisions of the Regulations and, where applicable, the Act and the documents constituting the scheme.

Link Corporate Services (Jersey) Limited

(formerly Capita Trust Company (Jersey) Limited whose name changed to Link Corporate Services (Jersey) Limited with effect from 6th November 2017)

12 Castle Street

St Helier

Jersey

4th December 2017