



CAPITAL INTERNATIONAL STERLING ROLL-UP FUND P.L.C.

Unaudited Abbreviated Interim Report
for the six-month period ended 28th February 2018

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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

Link Corporate Services (Jersey) Limited*
12 Castle Street, St Helier, Jersey
JE2 3RT, British Isles

* Following acquisition by Link Administration Holdings Limited, with effect from 6th November 2012, 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

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.

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 Unaudited Interim Financial Statements for the six-month period ended 28th February 2018 (together with the Unaudited Abbreviated Interim Report 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 six-month period ended 28th February 2018

Sterling corporate bonds outperformed UK government bonds over the six months to 28 February. In the first week of September, hawkish rhetoric from the Bank of England's Monetary policy Committee pushed government bond yields sharply higher. Financials led the performance tables – in particular subordinated bonds – but spreads tightened in practically all sectors. Markets have been supported by a constructive fundamental backdrop which continues to fuel strong levels of demand in a very low yield environment.

Market review

The final three months of 2017 continued in the same positive vein; benign government bond markets, loose monetary policies and improving levels of economic activity all helped create an environment which attracted investors into riskier assets. Moving into 2018, sterling investment grade credit continued to outperform UK

Performance and activity
of the Fund

government bonds in January, although the return generated by a tightening of credit spreads over gilts was entirely offset by yield moves, with the 10-year gilt yield finishing 0.30% higher over the month at 1.52%.

Volatility returned to risk markets in February. The main drivers were rising wages, rising inflation, and a realisation that interest rates are set to rise in the US and the UK. Yield spreads for corporate bonds over government bonds widened, led by higher beta sectors such as subordinated financials and hybrid corporates.

Throughout most of the review period, the fund has benefited from an overweight position in financials. Insurance subordinated bonds were buoyed by the performance of equity markets at the start of 2018, with yield spreads tightening around twice as much as the general market, albeit this area suffered disproportionately in February as credit spreads widened. The fund's positioning in utilities was also beneficial, with an overweight in electric names and an underweight in water companies boosting the top line.

In the closing months of the review period, the focus on trading has been one of risk reduction. During December the fund trimmed mining exposure through a sale of Rio Tinto bonds and added a defensive name in the form of Eversholt. In January, the fund took some profits from bonds at the shorter end of the maturity spectrum, including Clydesdale Bank. In February, EDF was traded across its curve, reducing our large overweight in the 2041 bonds and reducing underweights on either side, though remaining underweight credit risk as a whole. Also in February, weakness in Vodafone bonds was used as a catalyst to reduce its underweight while the fund took the opportunity of a widening in Axa bonds to take a more constructive position in a name we like fundamentally.

Outlook*

On most traditional measures corporate bonds appear to be fairly fully valued. The demand for income, in what remains a very low yield environment, is often cited as the explanation. Fundamental factors are also, in our opinion, supportive, as are macroeconomic improvements in both the developed and developing economies. We think yields are likely to rise in 2018, and this provides a risk to corporate bond markets, especially in a world where central banks are paring back their bond-buying programmes.

*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.

Comparative Table

Change in net assets per share

	2018 P	2017 P	2016 P
Opening net asset value per share	404.71	406.07	352.83
Return before operating charge**	(6.93)	2.54	57.46
Operating charges	(2.15)	(3.90)	(4.22)
Return after operating charges**	(9.08)	(1.37)	53.24
Distributions on preference shares	-	-	-
Closing net asset value per share	395.63	404.71	406.07
*For the six-month period ended 28th February 2018			
** after direct transaction costs of	0.02	0.03	0.02

Performance

	2018	2017	2016
Return after charges	(2.24 %)	(0.34 %)	15.09%

Other information

	2018	2017	2016
Closing net asset value	20,340,643	22,539,948	25,714,562
Closing number of shares	5,141,380	5,569,540	6,332,480
Operating charges	0.54%	0.96%	1.15%
Direct transaction costs	0.006%	0.008%	0.006%*

*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

	Highest offer share price P	Lowest bid share price P	Net allocation per share* P
01.09.2013 to 31.08.2014	364.11	313.36	25.58
01.09.2014 to 31.08.2015	392.67	339.35	10.47
01.09.2015 to 31.08.2016	431.57	349.41	51.35
01.09.2016 to 31.08.2017	429.66	379.16	(0.03)
01.09.2017 to 28.02.2018	430.02	395.62	(0.01)

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

Ongoing charges figure ("OCF")

	OCF* %
31 August 2015	1.17%
31 August 2016	1.15%
31 August 2017	0.96%
28 February 2018**	1.07%

*The OCF is the total expenses paid by a share class in the year against its average daily net asset value.

** Charges in the six-month period ended 28th February 2018, annualised.

Details of investments

	% of Fund's property 28.02.2018	% of Fund's property 31.08.2017
Government bonds	2.33	4.65
Corporate bonds	97.25	90.61
Bank balances	0.42	4.74
	100.00	100.00

Credit rating analysis

	Market Value as at 28.02.2018 £	Market Value as at 31.08.2017 £
Investment Grade	19,599,748	20,599,665
Non-investment grade	327,535	653,135
Total debt securities	19,927,283	21,252,800

Top five holdings



Asset description	% of Fund's property 28.02.2018	Asset description	% of Fund's property 31.08.2017
1. TRANSPORT FOR LONDON 2.125% 24/04/2025	3.04	1. TRANSPORT FOR LONDON 2.125% 24/04/2025	2.69
2. ELECTRICITE DE FRANCE SA 6.25% 30/05/2028	1.61	2. ELECTRICITE DE FRANCE SA 6.25% 30/05/2028	1.52
3. PRECISE MORTGAGE 1.062% 12/03/2054	1.45	3. UNITED KINGDOM GILT 4% 07/03/2022	1.46
4. EUR INVESTMENT BANK 5.375% 07/06/2021	1.42	4. PMF 2017 - 1BA 1.147% 12/03/2054	1.34
5. HSBC HOLDINGS PLC 2.256% 13/11/2026	1.41	5. ELECTRICITE DE FRANCE SA 5.5% 17/10/2041	1.20

The Unaudited Abbreviated Interim Report for the six-month period ended 28th February 2018 is approved and authorised for issue by the Manager:


JP. Bridle, Director


PS Moran, Director

Capital International Fund Managers Limited
24th April 2018



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