

Capital International High Income Fund P.L.C.

Unaudited Interim Financial Statements

for the six-month period ended 31st March 2018

Capital International High Income Fund P.L.C.

Unaudited Interim Financial Statements for the six-month period ended 31st March 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 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

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Manager's Report

Introduction

As detailed in the previous section entitled 'General Information', the Capital International High Income 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 3rd March 1989.

Important information

The Unaudited Interim Financial Statements for the six-month period ended 31st March 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 taxation from a managed portfolio of predominantly fixed-interest securities, denominated in sterling and other currencies, with all income distributed on a quarterly basis.

Investment Manager overview for the six-month period ended 31st March 2018

Market review

Sterling corporate bonds underperformed UK government bonds over the six months to 31 March. The final three months of 2017 were positive for corporate bonds; benign government bond markets, loose monetary policies and improving levels of economic activity all helped create an environment which attracted investors into riskier assets. Financials led the performance tables – in particular subordinated bonds – but spreads tightened in practically all sectors.

Moving into 2018, sterling investment grade credit continued to outperform UK 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 markets in late February and through March, causing spreads to widen with equity markets losing ground. 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.

Performance and activity of the Fund

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 and March 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. Dignity Finance, the UK funeral home operator, underperformed significantly in March as rating agency S&P downgraded the class B notes to BB (from BBB). This action follows a profit warning in January. Spreads on the bonds have widened materially year to date as the issue will now fall out of investment grade indices.

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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. Whilst we think yields are likely to rise in 2018, we remain constructive on credit and see potential for spread compression after the widening seen in February and March. Fundamental factors are also, in our opinion, supportive, as are macroeconomic improvements in both the developed and developing economies although the US-China trade issue is an ongoing potential risk and central banks remain likely to be 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.*

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 period under review were:

30 th September 2017	69,794,140
31 st March 2018	67,419,360

Value per share

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

30 th September 2017	57.54p
31 st March 2018	56.56p

Portfolio statement

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

JP Bridle, Director

PS Moran, Director

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Comparative Table

	2018*	2017	2016
	p	p	p
Change in net assets per share			
Opening net asset value per share	<u>55.48</u>	<u>58.03</u>	<u>52.41</u>
Return before operating charge**	0.16	(0.15)	8.12
Operating charges	<u>(0.26)</u>	<u>(0.49)</u>	<u>(0.59)</u>
Return after operating charges**	(0.10)	(0.64)	7.53
Distributions on preference shares	(0.86)	(1.91)	(1.91)
Closing net asset value per share	<u>54.52</u>	<u>55.48</u>	<u>58.03</u>
* for the six-month period ended 31 st March 2018			
** after direct transaction costs of	0.003	0.004	0.003
Performance			
Return after charges	(0.18%)	(1.10%)	14.37%
Other information			
Closing net asset value	36,754,408	38,723,245	43,262,143
Closing number of shares	67,419,360	69,794,140	74,550,840
Operating charges	0.47%	0.86%	1.03%
Direct transaction costs	0.005%	0.006%	0.005%*

*The 2016 comparative figure has been changed from 0.003% to 0.005% 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	Lowest bid share price	Net distribution per share*
		p	p	p
01.10.2013	to 30.09.2014	56.64	50.60	1.97
01.10.2014	to 30.09.2015	60.16	52.30	1.91
01.10.2015	to 30.09.2016	62.81	51.70	1.91
01.10.2016	to 30.09.2017	61.28	54.67	1.91
01.10.2017	to 31.03.2018	59.87	54.36	0.86

*Net distribution per share is based on average shares in issue during the period.

Ongoing charges figure ("OCF")

	OCF*
	%
30 th September 2015	1.15%
30 th September 2016	1.03%
30 th September 2017	0.86%
31 st March 2018 **	0.94%

*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 31st March 2018, annualised.

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	% of Fund's property 31.03.2018	% of Fund's property 30.09.2017
Details of investments		
Government bonds	5.52	4.26
Corporate bonds	94.12	94.06
Bank balances	0.36	1.68
	<u>100.00</u>	<u>100.00</u>

Top five holdings

Asset description	% of Fund's property 31.03.2018	Asset description	% of Fund's property 30.09.2017
1 TRANSPORT FOR LONDON 2.125% 24/04/2025	2.80	1 TRANSPORT FOR LONDON 2.125% 24/04/2025	2.96
2 EUROPEAN INVESTMENT BANK 5.375% 07/06/2021	2.49	2 EUROPEAN INVESTMENT BANK 5.375% 07/06/2021	2.41
3 E.ON INTL FINANCE BV 6.375% 07/06/2032	1.56	3 UK TREASURY 5.0% 07/03/2025	1.98
4 UK TREASURY 4.0% 07/03/2022	1.54	4 E.ON INTL FINANCE BV 6.375% 07/06/2032	1.51
5 HSBC HOLDINGS 2.256% 13/11/2026	1.38	5 ELECTRICITE DE FRANCE 5.5% 17/10/2041	1.35

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Portfolio statement

<i>Name of investment</i>	<i>Quantity</i>	<i>Valuation</i>	<i>% of Fund's property</i>
	31.03.2018	£	
Government Bonds			
UNITED KINGDOM GILT 4.0% 07/03/2022	500,000	559,522	1.54
UNITED KINGDOM GILT 5.0% 07/03/2025	169,000	212,034	0.58
UNITED KINGDOM GILT 6.0% 07/12/2028	230,000	332,039	0.91
EUROPEAN INVESTMENT BANK 5.375% 07/06/2021	800,000	905,104	2.49
Total Government Bonds		2,008,699	5.52
			(As at 30.09.2017: 4.26%)
Corporate Bonds			
ABN AMRO BANK 1.375% 07/06/2022	100,000	98,530	0.27
ALBA PLC 0.89969% 17/01/2039 FRN	200,000	138,022	0.38
AMERICAN MOVIL SAB DE 4.375% 07/08/2041	170,000	202,077	0.56
AMGEN INC 4.0% 13/09/2029	100,000	112,077	0.31
ANGLIAN WATER 6.293% 30/07/2030	50,000	68,712	0.19
ANHEUSER BSIV 2.85% 25/05/2037	113,000	109,691	0.30
ANNINGTON FUNDING 3.184% 12/07/2029	100,000	99,039	0.27
ANNINGTON FUNDING 3.935% 12/07/2047	200,000	209,294	0.58
APPLE INC 3.05% 31/07/2029	100,000	108,518	0.30
APT PIPELINES LTD 3.5% 22/03/2030	200,000	205,462	0.56
ASPIRE DEFENCE FINANCE 4.674% 31/03/2040	280,000	320,897	0.88
AT&T INC 4.875% 01/06/2044	200,000	237,054	0.65
AT&T INC 5.2% 18/11/2033	240,000	289,315	0.79
AT&T INC 7.0% 30/04/2040	100,000	148,843	0.41
AUTOSTRAD PER ITALIA 6.25% 09/06/2022	230,000	270,377	0.74
AVIVA PLC 6.125% 29/09/2049	450,000	494,308	1.36
AVIVA PLC 6.875% 20/05/2058	150,000	195,119	0.54
AXA SA 5.453% 29/11/2049	250,000	270,603	0.74
AXA SA 6.6862% 06/07/2026	150,000	174,552	0.48
BANK NEDERLANDSE GEMEEN 5.2% 07/12/2028	150,000	196,869	0.54
BARCLAYS BANK PLC 4.25% 12/01/2022	200,000	221,058	0.61
BARCLAYS BANK PLC 2.375% 16/10/2023	327,000	322,543	0.89
BARCLAYS BANK PLC 3.25% 17/01/2033	224,000	213,826	0.59
BAT INTERNATIONAL FINANCE 2.25% 09/09/2052	200,000	158,420	0.44
BAT INTERNATIONAL FINANCE 4.0% 04/09/2026	110,000	120,552	0.33
BAT INTERNATIONAL FINANCE 7.25% 12/03/2024	118,000	149,203	0.41
BG ENERGY CAPITAL PLC 5.0% 04/11/2036	170,000	226,105	0.62
BANK OF AMERICA CORP 2.3% 25/07/2025	100,000	98,856	0.27
BANK OF AMERICA CORP 7.0% 31/07/2028	200,000	276,794	0.76
BRITISH LAND CO 2.375% 14/09/2029	123,000	117,415	0.32
BUPA FINANCE PLC 2.0% 05/04/2024	100,000	98,698	0.27
BUPA FINANCE PLC 5.0% 08/12/2026	100,000	111,159	0.31
TIME WARNER CABLE INC 5.75% 02/06/2031	165,000	187,836	0.52
CADENT FINANCE 2.75% 22/09/2046	230,000	210,949	0.58
CATALYST HSG LTD 3.125% 31/10/2047	100,000	100,624	0.28
CHANNEL LINK 3.04% 30/06/2050	100,000	98,949	0.27
CHORUS LTD 6.75% 06/04/2020	200,000	219,442	0.60
CIE DE SAINT GOBAIN 5.625% 15/11/2024	250,000	300,060	0.82
CIRCLE ANGLIA 7.25% 12/11/2038	50,000	82,522	0.23
CITIGROUP INC 7.375% 01/09/2039	160,000	261,693	0.72
COMMONWEALTH BANK OF AUSTRALIA 1.125% 22/12/2021	205,000	202,513	0.56
CNP ASSURANCES 7.375% 30/09/2041	200,000	228,370	0.63

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	31.03.2018	£	
COOPERATIEVE RABOBANK UA 4.625% 23/05/2029	230,000	258,736	0.71
COOPERATIEVE RABOBANK UA 5.375% 03/08/2060	100,000	166,136	0.46
CREDIT SUISSE GROUP 2.125% 12/09/2025	200,000	194,034	0.53
DEUTSCHE BAHN FINANCE 3.125% 24/07/2026	300,000	327,981	0.90
DIGNITY FINANCE PLC 4.6956% 31/12/2049	227,000	209,989	0.58
DS SMITH PLC 2.875% 26/07/2029	100,000	97,017	0.27
DWR CYMRU FINANCING 2.5% 31/03/2036	100,000	98,251	0.27
E.ON INTERNATIONAL FINANCE 6.375% 07/06/2032	413,000	566,959	1.56
EASTERN POWER NETWORKS 6.25% 12/11/2036	225,000	327,737	0.90
ELECTRICITE DE FRANCE 5.125% 22/09/2050	50,000	62,574	0.17
ELECTRICITE DE FRANCE 5.5% 17/10/2041	100,000	127,280	0.35
ELECTRICITE DE FRANCE 6.0% 23/01/2114	100,000	136,547	0.38
ELECTRICITE DE FRANCE 6.125% 02/06/2034	100,000	133,572	0.37
ELECTRICITE DE FRANCE 6.25% 30/05/2028	250,000	322,776	0.89
ENEL SPA 5.75% 22/06/2037	100,000	132,961	0.37
ENEL FINANCE INT 5.75% 14/09/2040	135,000	183,100	0.50
ENGIE SA 5.0% 01/10/2060	50,000	78,573	0.22
EQUITY RELEASE FUNDING NO 3 5.05% 26/04/2033	360,000	436,343	1.20
EVERSHOLT FUNDING 3.529% 07/08/2042	100,000	99,237	0.27
FIDELITY NATIONAL INFO 1.70% 30/06/2022	320,000	316,173	0.87
FIRSTGROUP PLC 8.75% 08/04/2021	150,000	178,728	0.49
GATWICK FUNDING LTD 5.75% 23/01/2037	100,000	135,233	0.37
GATWICK FUNDING LTD 6.125% 02/03/2026	100,000	124,442	0.34
GATWICK FUNDING LTD 6.5% 02/03/2041	100,000	151,693	0.42
GEMGARTO 2015-1 1.22963% 16/02/2047 FRN	114,000	4,826.87	0.01
GENERAL MOTORS 2.25% 06/09/2024	241,000	234,739	0.64
GKN HOLDINGS PLC 6.75% 28/10/2019	100,000	107,510	0.30
GLAXOSMITHKLINE CAPITAL 5.25% 10/04/2042	300,000	419,290	1.15
GREAT ROLLING STOCK CO PLC 6.5% 05/04/2031	200,000	229,783	0.63
HBOS CAPITAL FUNDING LP 6.461% 29/11/2049 FRN	180,000	184,700	0.51
HEATHROW FUNDING LTD 4.625% 31/10/2046	100,000	124,773	0.34
HEATHROW FUNDING LTD 5.875% 13/05/2041	200,000	283,653	0.78
HEATHROW FUNDING LTD 6.45% 10/12/2031	80,000	110,267	0.30
HEATHROW FUNDING LTD 6.75% 03/12/2026	150,000	196,959	0.54
HEATHROW FUNDING LTD 7.125% 14/02/2024	150,000	184,754	0.51
HSBC BANK PLC 5.375% 22/08/2033	205,000	255,398	0.70
HSBC BANK CAPITAL FUNDING 5.844% 29/11/2049	305,000	383,364	1.05
HSBC HOLDINGS PLC 2.256% 13/11/2026	515,000	501,198	1.38
HUTCHISON WHAMPOA FINANCE 5.625% 24/11/2026	200,000	250,050	0.69
INTERCONTINENTAL HOTELS 3.75% 14/08/2025	200,000	213,572	0.59
INTERCONTINENTAL HOTELS 3.875% 28/11/2022	190,000	204,976	0.56
IMPERIAL BRANDS FINANCE 7.75% 24/06/2019	80,000	86,073	0.24
IMPERIAL BRANDS FINANCE 9.0% 17/02/2022	280,000	352,706	0.97
INNOGY FINANCE BV 6.125% 06/07/2039	250,000	358,868	0.99
LONDON & QUADRANT HOUSING 3.75% 27/10/2049	200,000	224,964	0.62
LCR FINANCE PLC 5.1% 07/03/2051	65,000	114,895	0.32
LLOYDS BANK PLC 6.50% 17/09/2040	280,000	431,298	1.18
LLOYDS BANK PLC 7.625% 22/04/2025	100,000	130,154	0.36
LLOYDS BANK PLC 9.625% 06/04/2023	280,000	367,830	1.01
MARKS & SPENCER PLC 4.75% 12/06/2025	100,000	109,614	0.30
MANCHESTER AIRPORT GROUP 4.125% 02/04/2024	150,000	165,780	0.46

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Name of investment	Quantity	Valuation	% of Fund's property
	31.03.2018	£	
MCDONALD'S CORP 4.125% 11/06/2054	100,000	121,741	0.33
METLIFE GLOBAL FUNDING 2.625% 05/12/2022	100,000	104,143	0.29
METLIFE INC 5.375% 09/12/2024	300,000	360,166	0.99
MOTABILITY OPERATIONS GR 5.625% 29/11/2030	100,000	133,069	0.37
MUENCHENER RUECKVERS 6.625% 26/05/2042 FRN	300,000	347,862	0.96
NATIONAL CAPITAL TRUST 5.62% 29/09/2049	400,000	408,116	1.12
NATIONWIDE BUILDING SOCIETY 5.625% 28/01/2026	230,000	295,545	0.81
NEWRIVER REIT PLC 3.5% 07/03/2028	100,000	99,931	0.27
NIE FINANCE 6.375% 02/06/2026	200,000	258,076	0.71
NORTHUMBRIAN 2.375% 05/10/2027	183,000	178,729	0.49
NOTTING HILL 3.25% 12/10/2048	100,000	99,519	0.27
NOTTING HILL 4.375% 20/02/2054	100,000	125,044	0.34
NORTHERN GAS NETWORKS 4.875% 15/11/2035	200,000	254,980	0.70
OFFA NO 1 PLC 1.82553% 14/06/2050 FRN	160,000	110,025	0.30
ORANGE SA 5.375% 22/11/2050	150,000	211,539	0.58
ORBIT CAPITAL PLC 3.5% 24/03/2045	100,000	106,556	0.29
PEABODY CAPITAL NO 2 4.625% 12/12/2053	100,000	135,999	0.37
PCL FUNDING 1.14456% 15/06/2023 FRN	154,000	154,000	0.42
PCL FUNDING 1.24656% 15/06/2022 FRN	147,000	147,094	0.40
PGH CAPITAL PLC 4.125% 20/07/2022	200,000	207,242	0.57
PORTERBROOK RAIL 4.625% 04/04/2029	100,000	114,577	0.31
PRECISE MORTGAGE 1.147% 14/12/2054 FRN	100,000	100,016	0.27
PRECISE MORTGAGE 1.285% 12/03/2055 FRN	200,000	200,044	0.55
PREMIERTEL PLC 6.175% 08/05/2032	170,000	175,627	0.48
PRUDENTIAL PLC 11.375% 29/05/2039	200,000	221,830	0.61
PRUDENTIAL PLC 5.0% 20/07/2055	200,000	212,436	0.58
QBE INSURANCE GROUP 6.115% 24/05/2042	224,000	247,603	0.68
RABOBANK CAPITAL 5.556% 29/10/2049	350,000	365,908	1.01
RL FINANCE BONDS NO 3 6.125% 13/11/2028	100,000	115,141	0.32
RMPA SERVICES PLC 5.337% 30/09/2038	175,000	173,929	0.48
RSA INSURANCE GROUP 5.125% 10/10/2045	150,000	165,020	0.45
ROYAL BANK OF SCOTLAND 2.875% 19/09/2026	200,000	198,530	0.55
SANTANDER UK PLC 5.25% 16/02/2029	211,000	275,431	0.76
SCANIA CV AB 1.875% 28/06/2022	100,000	99,762	0.27
SCENTRE GROUP TRUST 1/2 2.375% 08/04/2022	150,000	152,967	0.42
SCOTTISH AMICABLE FINANCE 8.5% 29/06/2049	307,000	310,604	0.85
SEGRO PLC 2.875% 11/10/2037	156,000	152,357	0.42
SEVERN TRENT UTILITIES 1.625% 04/12/2022	195,000	192,976	0.53
SEVERN TRENT UTILITIES 2.75% 05/12/2031	200,000	198,650	0.55
SOCIETY OF LLOYDS 4.75% 30/10/2024	100,000	110,000	0.30
SSE PLC 3.875% 29/12/2049	300,000	307,851	0.85
SSE PLC 8.375% 20/11/2028	120,000	181,045	0.50
STAGECOACH GROUP PLC 4.0% 29/09/2025	200,000	211,782	0.58
STANDARD CHARTERED BANK 5.125% 06/06/2034	160,000	171,032	0.47
STANDARD CHARTERED BANK 7.75% 29/10/2049	250,000	293,968	0.81
STANDARD LIFE PLC 5.50% 04/12/2042	140,000	157,303	0.43
STANDARD LIFE PLC 6.75% 12/07/2027	150,000	185,955	0.51
SANTANDER UK GHG 3.625% 14/01/2026	122,000	129,846	0.36
SOUTHERN GAS NETWORKS 3.10% 15/09/2036	100,000	101,011	0.28
SOUTHERN GAS NETWORKS 6.375% 15/05/2040	118,000	179,208	0.49
SVENSKA HANDELSBANKEN AB 2.75% 05/12/2022	360,000	377,716	1.04

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Name of investment	Quantity	Valuation	% of Fund's property
	31.03.2018	£	
SWEDBANK AB 1.25% 29/12/2021	132,000	130,551	0.36
TELEREAL SECURITISATION 4.09% 10/12/2033	150,000	156,612	0.43
TESCO PROPERTY FINANCE 5.744% 13/04/2040	117,000	130,967	0.36
THAMES WATER UTILITIES 5.5% 11/02/2041	170,000	232,913	0.64
THAMES WATER UTILITIES 5.125% 28/09/2037	130,000	166,509	0.46
BANK OF NOVA SCOTIA 1.25% 08/06/2022	100,000	98,029	0.27
THFC FUNDING NO2 5.2% 11/10/2045	100,000	133,300	0.37
THFC FUNDING NO2 6.35% 08/07/2041	120,000	178,764	0.49
TOTAL CAPITAL INT 1.25% 16/12/2024	170,000	164,417	0.45
TRANSPORT FOR LONDON 2.125% 24/04/2025	1,000,000	1,020,410	2.80
TRITAX BIG BOX 2.625% 14/12/2026	128,000	126,300	0.35
UPP BOND PLC 4.9023% 28/02/2040	150,000	171,821	0.47
VICINITY CENTRES 3.375% 07/04/2026	100,000	104,967	0.29
VIRGIN MEDIA 5.0% 15/04/2027	120,000	118,284	0.32
VODAFONE GROUP PLC 3.375% 08/08/2049	150,000	139,137	0.38
VODAFONE GROUP PLC 5.9% 26/11/2032	100,000	130,004	0.36
VOLKSWAGEN FIN SERV NV 2.25% 12/04/2025	124,000	122,235	0.34
WELLS FARGO BANK 5.25% 01/08/2023	300,000	341,358	0.94
WELLTOWER INC 4.8% 20/11/2028	200,000	229,148	0.63
WESTERN POWER DISTRIBUTION 5.75% 16/02/2032	200,000	262,038	0.72
WESTERN POWER DISTRIBUTION 3.625% 06/11/2023	100,000	105,563	0.29
WESTPAC BANKING CORP 1.0% 30/06/2022	200,000	196,464	0.54
WESTPAC BANKING CORP 2.625% 14/12/2022	100,000	103,736	0.29
WESTFIELD AMERICA MANAGEMENT 2.625% 30/03/2029	140,000	138,078	0.38
WM TREASURY 2 PLC 3.25% 20/10/2048	100,000	101,070	0.28
WESTERN POWER 9.25% 09/11/2020	297,000	354,024	0.96
YORKSHIRE BUILDING SOC 3.5% 21/04/2026	100,000	105,799	0.29
Total Corporate Bonds		34,257,008	94.12
			(As at 30.09.2017: 94.06%)
Total Bonds		36,265,707	99.64
Bank Balances		129,394	0.36
			(As at 30.09.2017: 1.68%)
Total Portfolio		36,395,101	100.00

The total purchase costs for the six month period to 31st March 2018 were £7,757,265 (year to 30th September 2017: £17,271,695) and the total sale proceeds were £8,697,048 (year to 30th September 2017: £19,662,828).

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 31.03.2018	Market Value As at 30.09.2017
	£	£
Investment grade	35,482,200	36,744,528
Non-investment grade	783,507	1,108,990
Total debt securities	36,265,707	37,853,518

Capital International High Income Fund P.L.C.

Unaudited Interim Financial Statements for the six-month period ended 31st March 2018

Statement of total return

	01.10.2017 to 31.03.2018		01.10.2016 to 31.03.2017	
	£	£	£	£
Income				
Net capital gains/(losses)		(648,028)		(1,463,922)
Revenue	760,785		902,436	
Expenses	<u>(179,633)</u>		<u>(150,572)</u>	
Net revenue before taxation	581,152		751,864	
Taxation	<u>-</u>		<u>-</u>	
Net revenue after taxation		<u>581,152</u>		<u>751,864</u>
Total return before distributions		(66,876)		(712,058)
Finance costs: Distributions		(589,995)		(751,864)
Change in net assets attributable to holders of participating redeemable shares from investment activities		<u>(656,871)</u>		<u>(1,463,922)</u>

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

	01.10.2017 to 31.03.2018		01.10.2016 to 31.03.2017	
	£	£	£	£
Opening net assets attributable to holders of participating redeemable shares		38,723,245		43,262,143
Amounts receivable on issue of shares	561,895		738,065	
Amounts payable on cancellation of shares	<u>(1,873,861)</u>		<u>(1,437,939)</u>	
		(1,311,966)		(699,874)
Change in net assets attributable to holders of participating redeemable shares from investment activities(see Statement of total return above)		(656,871)		(1,463,922)
Closing net assets attributable to holders of participating redeemable shares		<u>36,754,408</u>		<u>41,098,346</u>

Comparative information is provided for the Statement of change in net assets attributable to holders of participating redeemable shares. Since this information is for the prior interim period, the net assets as at the end of that period do not correspond to the net assets at the start of the current period.

The notes on pages 14 form part of these Unaudited Interim Financial Statements.

Capital International High Income Fund P.L.C.

Unaudited Interim Financial Statements for the six-month period ended 31st March 2018

Balance Sheet

	As at 31.03.2018		As at 31.03.2017	
	£	£	£	£
Assets				
Investment assets		36,265,707		39,969,438
Debtors	1,103,894		1,341,748	
Cash and bank balances	129,394		501,128	
Total other assets		1,233,288		1,842,876
Total assets		37,498,995		41,812,314
Equity and liabilities				
Equity				
Management shares	10		10	
Nominal shares	292,045		286,171	
Total equity		292,055		286,181
Liabilities				
Creditors	166,252		81,020	
Distribution payable	286,280		346,767	
Total other liabilities		452,532		427,787
Total equity and other liabilities		744,587		713,968
Net assets attributable to holders of participating redeemable shares		36,754,408		41,098,346

The Unaudited Interim Financial Statements for the six-month period ended 31st March 2018 are approved and authorised for issue on behalf of the Board of Directors by the Manager:

JP Bridle, Director

PS Moran, Director

Capital International Fund Managers Limited

24th May 2018

Notes to the Financial Statements

1. Accounting policies

- a The Unaudited Interim Financial Statements for the six-month period ended 31st March 2018 have been prepared on the same basis as the audited financial statements for the year ended 30th September 2017. They 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 and in accordance with UK accounting standards, the Authorised Collective Investment Schemes Regulations 2010 and 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").
- b The Fund has, in accordance with the IMA SORP and FRS102 Section 7.1 A (c), exercised its right of exemption from preparing a cash flow statement.

2. Director`s interest

William Juan Clarke, a Director of the Fund and the Manager, held 16,694.731 shares as at 31st March 2018 (2017: 16,694.731 shares) and throughout the period.

3. Related party disclosure

Any redeemed shares are repurchased by the Manager of the Fund. At the balance sheet date, £292,045 was owed from the Manager to the Fund (2017: £286,171). The Manager holds the Management shares in the Fund. The shares were issued at par for £10 (2017: £10) which was owed to the Fund by the Manager at 31st March 2018 and 2017.

Fees payable to the Manager and Registrar for the six-month period ended 31st March 2018 totalled £139,664 (2017: £151,747).