



Abbreviated Annual Report

Capital International Sterling Roll-Up Fund P.L.C.
For the year ended 31 August 2016

Our Vision

The Capital International Group exists to improve lifestyles through increased prosperity

Our Values

We seek to achieve this through the enduring values of innovation, integrity and excellence



**Innovation and integrity
creates nothing less
than excellence**

General Information

DIRECTORS

WJ Clarke*

RC Floate

DRQ Long

DM Schuster* (Chairman)

* denotes Non-executive Director

SECRETARY

RC Floate

MANAGER AND REGISTRAR

Capital International Fund Managers Limited
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IM1 1AG
British Isles

INVESTMENT MANAGER

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10 Queen's Terrace
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FIDUCIARY CUSTODIAN

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12 Castle Street
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AUDITOR

PricewaterhouseCoopers LLC
Sixty Circular Road
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Manager's Report

Introduction

Capital International Sterling Roll-Up Fund P.L.C. ("the Fund") is an Authorised Scheme for the purposes of the Collective Investment Schemes Act 2008. The Fund is formed 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 and includes the portfolio statement as part of the Manager's report.

Important information

The Fund's prices, abbreviated and long reports can be viewed on our website - www.capital-iom.com or by contacting our administration team.

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

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, with all income and interest earned being accumulated in the price of the shares.

Market review for the year ended 31 August 2016

Corporate bonds outperformed government bonds in the first three months of the review period. The US Federal Reserve finally acted on policy rates moving the target for funds up by 25 basis points in December. This action was widely anticipated by financial markets. However, some volatility returned at the end of 2015, as investors became cautious about the outlook for the year ahead.

That volatility continued into the new year, which began with a very negative tone and some significant re-pricing of corporate bonds. Credit spreads across all sectors moved materially wider as slower global growth, and greater risk of some stress in the financial sector, was priced in. That weakness continued into February. While developed market government bonds were the safe haven, driving up prices and causing government bond yields to fall materially, credit spreads continued to widen and overall returns were negative both in January and February. In contrast credit markets received a significant boost from European Central Bank (ECB) actions in March. The introduction of further monetary easing and new measures, including a corporate bond buying programme, had a very positive impact causing credit spreads in the sterling market to tighten significantly.

The lead into the UK's EU referendum at the end of June was one of falling yields but stable credit yield spreads. This perhaps reflected the uncertainty of the vote's impact, balanced by the start of the ECB's Corporate Sector Purchase Programme. However, this uncertain market backdrop was soon replaced by strong performance of risk assets and some very strong returns in credit markets. Investors preferred to focus on the shorter term news flow, which included a further loosening of monetary policy by the Bank of England. While sterling was weak, reflecting those policy decisions and the increased likelihood of a slowdown in economic activity, UK investment grade bonds performed very strongly.

Performance and activity of the Fund

The Fund's positioning in corporate bonds versus those issued by government agencies and other supranationals boosted performance over the year. In particular, overweight positions in the basic industrials sector resulted in positive returns. At a security level, positions in Gatwick and Heathrow airports, utilities such as E.On and Thames Water and AT&T all contributed to the Fund's outperformance. Positions in financial names across both banking and insurance sectors were broadly beneficial.

During the year we participated in new issues from the likes of Bank of America, Yorkshire Building Society and Clydesdale Bank as well as adding positions in residential mortgage-backed securities from Aire Valley, Alba and Dukinfield. Sales in the period included DirectTV following its acquisition by AT&T and Enel, Verizon and Glencore on the back of strong performance. EDF was also reduced following good performance but also because of growing concerns around its Hinkley Point venture in the UK.

Outlook

Looking ahead, the outlook for bond yields and therefore returns from the asset class are somewhat mixed. Yields have started to rise in developed markets as the efficacy of monetary policy actions is being challenged. The market appears well supported but volatility due to political events can be expected.

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

Performance Record	Highest offer share price p	Lowest bid share price p	Net allocation per share p
01.09.2011 to 31.08.2012	328.53	275.78	29.54
01.09.2012 to 31.08.2013	352.43	306.89	9.99
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

Net Asset Value Record	Net asset value of participating shares £	Shares in issue	Cancellation price per share £
31.08.2014	27,752,179	8,079,010	343.51
31.08.2015	25,453,952	7,214,160	352.83
31.08.2016	25,714,562	6,332,480	406.07

Ongoing charges figure (“OCF”)

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

	OCF/TER %
31.08.2014	1.20
31.08.2015	1.17
31.08.2016	1.15

Details of Investment	Investment	% of Fund's property 31.08.2016	% of Fund's property 31.08.2015
	Government bonds	7.84	2.86
	Corporate bonds	91.68	89.23
	Bank balances	0.48	7.91
	Total debt securities	100.00	100.00

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 31.08.2016 £	Market Value As at 31.08.2015 £
Investment Grade	23,769,214	22,572,064
Non-investment grade	1,370,175	500,409
Total debt securities	25,139,389	23,072,473

Top Five Holdings

Asset description	% of Fund's property 31.08.2016	Asset description	% of Fund's property 31.08.2015
1 Transport for London 2.125% 24/04/2025	3.01	1 Euro Investment Bank 5% 2039	2.36
2 United Kingdom Gilt 4.75% 07/12/2030	2.21	2 Electricite de France 5.5% 17/10/2041	1.38
3 Electricite de France 5.5% 17/10/2041	1.78	3 ASIF II 5.375% 14/10/2016	1.29
4 GE Capital UK Funding 5.875% 18/01/2033	1.54	4 GE Capital UK Funding 5.875% 18/01/2033	1.27
5 United Kingdom Gilt 1.0% 07/09/2017	1.52	5 Lloyds Bank PLC 6.5% 2040	1.11



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