



# STERLING BOND FUND

## July 2017 Factsheet

### FUND OBJECTIVE

The aim of the Fund is to seek to provide a regular income from a managed portfolio of sterling fixed interest securities with a particular emphasis on those securities on which interest is paid gross to non-residents of the United Kingdom.

### INVESTMENT MANAGER

Aberdeen Asset Investments Limited.

### FUND PERFORMANCE

	30/06/16 to 30/06/17 (%)	30/06/15 to 30/06/16 (%)	30/06/14 to 30/06/15 (%)	30/06/13 to 30/06/14 (%)	30/06/12 to 30/06/13 (%)
Sterling (£)	6.89	6.52	5.56	6.28	9.01

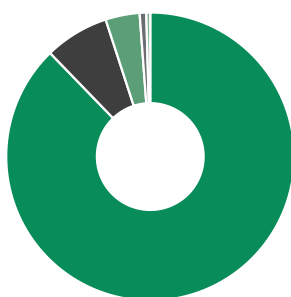
The figures show the performance growth over 5 years as discrete 12 month periods, on a mid price basis with gross income reinvested. All charges and fees, except any initial charge, have been included in the performance figures. Source: FE.

Sector is Lipper Sterling Fixed Interest

Past performance should not be seen as an indication of future performance.

The value of investments and the income from them can go down as well as up and cannot be guaranteed. Investments in a currency other than the shareholder's own currency, or in a fund that invests in securities denominated in currencies other than its own base currency, will be subject to the movements of foreign exchange rates, which may cause an additional favourable or unfavourable change in value. Consequently, investors may, on selling their shares, receive an amount greater or less than their original investment.

### SECTOR BREAKDOWN (%)



Corporate bonds	87.76
Government bonds	7.23
Supranational bonds	3.83
Public authorities	0.74
Cash	0.44

### LARGEST INVESTMENTS (%)

Treasury 6% 2028	4.15
European Investment Bank 6% 2028	3.83
Lloyds Bank Plc 7.625% 2025	2.50
Treasury 5% 2025	1.78
Electricite de France 6.78% 2022	1.60
Heathrow Funding Ltd 6.45% 2031	1.45
Meadowhall Finance 4.988% 2037	1.42
E.ON International Finance 6.375% 2032	1.42
Centrica plc 6.375% 2022	1.37
NIE Finance PLC 6.375% 2026	1.34

### MARKET OVERVIEW

The second quarter of 2017 was generally positive for credit markets, with a tightening of credit spreads over government bonds. A fairly benign global macroeconomic environment has been 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. Bonds issued by banks and insurers were the best performing areas of the market.

High yield corporate bonds and emerging markets generated some positive returns also, although the latter asset class wobbled towards the end of June, influenced by rising US Treasury yields.

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### BOND RATINGS (%)



AAA	8.72
AA	11.14
A	26.00
BBB	52.47
Not Rated*	1.23
Cash	0.44

Bond ratings range from AAA to D, where AAA represents the highest level of credit worthiness.

\*Rating not requested by issuer or downgraded by credit rating agency.

### FUTURE POLICY

The Sterling Bond Fund continues to hold a long position in credit, as yield spreads over government bonds continue to offer some value. As a result performance was strong over the period as spreads tightened.

Bonds issued by financial institutions performed very strongly, with Aviva, HSBC and Lloyds Banking Group all being strong performers

A position built up in UK government bonds had a negative impact on returns as this perceived "safe haven" asset class lagged riskier corporate bonds. The position continues to be held and provides significant liquidity to the Fund

Duration is at benchmark levels despite the fact the interest rates globally look likely to start to rise. Low inflation and the challenges around Brexit in the UK are likely to keep UK rates on hold.

Please Note: The commentary contained in this document has been derived from sources, which we consider to be reasonable and appropriate. It may also include our views and expectations, which cannot be taken as fact. The forecast of future performance is not a reliable guide to actual future results.

### GENERAL INFORMATION

**Value of Fund as at 30th June 2017**  
£20.28m

**Dealing Price as at 30th June 2017**  
£1.5630

**Estimated Yield**  
2.97%

**Gross Redemption Yield as at 30th June 2017**  
2.40%

**Average Bond Maturity  
Fund Duration/Benchmark**  
8.36 years / 8.4 years

**Distribution Dates**  
22nd February, May, August & November

**Ex Dividend Dates**  
1st January, April, July & October

**Minimum Initial Investment**  
£5,000 or currency equivalent

**Minimum Subsequent Investment**  
£500 or currency equivalent

**Minimum Regular Savings Investment**  
£100 per month

**Initial Charge**  
4%

**Annual Management Charge**  
0.875%

**Total Holdings**  
125

**Sedol/ISIN**  
3072619/GB0030726193

### CONTACT DETAILS

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