



# HIGH INCOME FUND

## July 2018 Factsheet

### FUND OBJECTIVE

The aim of the Fund is to seek a high income from a spread of fixed interest securities.

### INVESTMENT MANAGER

Aberdeen Asset Investments Limited.

### FUND PERFORMANCE

|              | 30/06/17 to<br>30/06/18 (%) | 30/06/16 to<br>30/06/17 (%) | 30/06/15 to<br>30/06/16 (%) | 30/06/14 to<br>30/06/15 (%) | 30/06/13 to<br>30/06/14 (%) |
|--------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Sterling (£) | -0.47                       | 6.85                        | 6.41                        | 5.05                        | 6.64                        |

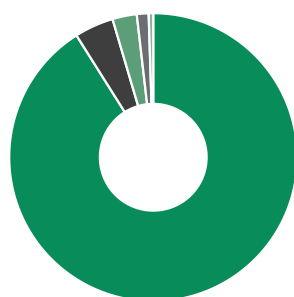
The figures show the performance growth over 5 years as discrete 12 month periods, on a mid price basis with gross income reinvested. All charges and fees, except any initial charge, have been included in the performance figures. Source: FE.

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    | 91.05 |
| Public authorities | 4.39  |
| Cash               | 2.73  |
| Government bonds   | 1.32  |
| Overseas borrowers | 0.51  |

### LARGEST INVESTMENTS (%)

|   |      |
|---|------|
| Eastern Power Networks Plc 8.5% 2025          | 2.08 |
| HSBC 6% 2040                                  | 1.96 |
| Bank of America 7% 2028                       | 1.58 |
| Citigroup Inc 6.8% 2038                       | 1.46 |
| Northern Powergrid (Yorkshire) plc 9.25% 2020 | 1.46 |
| Southern Gas Networks PLC 4.875% 2029         | 1.32 |
| FirstGroup plc 8.75% 2021                     | 1.26 |
| E.ON International Finance 5.875% 2037        | 1.22 |
| Northumbrian Water Finance plc 6.875% 2023    | 1.17 |
| AXA Group 5.453% (F/R) Perpetual              | 1.13 |

### MARKET OVERVIEW

Spreads were volatile for the second consecutive quarter as Italian politics and then increasing tensions around trade tariffs between the US and its major trading partners hit the headlines. Corporate bonds re-priced materially, and investment grade now offers relatively good value.

Lower quality areas of the market were the poorest performers over the quarter; financials fared badly, as did issuers domiciled in Italy.

The more "risk-off" tone means that the Fund modestly underperformed its index benchmark over the period. We have maintained a short duration position.

Bonds issued by banks and insurers underperformed the market as a whole and detracted from returns.

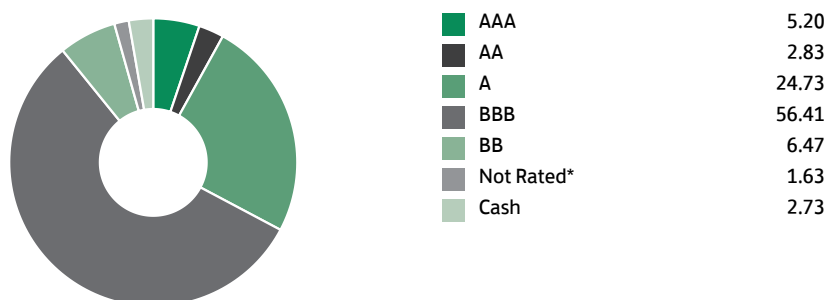
During the previous quarter bonds issued by funeral home operator Dignity Finance had damaged returns. However, during this period the company announced some encouraging earnings and its bonds outperformed.

Once again allocations to AAA floating rate securitisations benefited the Fund, largely on the ground that the holdings are extremely high quality. This position has been reduced over the quarter.

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### BOND RATINGS (%)



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 Fund remains overweight in higher beta (lower quality) corporate bonds relative to its index benchmark. With spreads back at levels last seen in mid 2016, this appears to be an appropriate strategy. Fundamentals remain relatively robust with leverage generally falling, supporting the market.

Bonds issued by financial institutions remain favoured and continue to offer attractive yields relative to similar rated corporates. Both banks and insurers tend to benefit from the higher government bond yields which we continue to expect.

Further volatility may lead to risk being added back into the Fund.

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 2018**  
£236.69m

**Dealing Price as at 30th June 2018**  
£0.8502

**Estimated Yield**  
4.16%

**Gross Redemption Yield as at 30th June 2018**  
2.82%

**Average Bond Maturity  
Fund Duration/Benchmark**  
7.60 years / 8.16 years

**Distribution Dates**  
22nd Monthly

**Ex Dividend Dates**  
1st business day of month

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

**Minimum Subsequent Investment**  
£1,000 or currency equivalent

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

**Initial Charge**  
4% to 27/04/18. 2% from 30/04/18

**Annual Management Charge**  
0.875%

**Total Holdings**  
195

**Sedol/ISIN**  
0870076/GB0001094027

### CONTACT DETAILS

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