



HIGH INCOME FUND

January 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

	31/12/16 to 31/12/17 (%)	31/12/15 to 31/12/16 (%)	31/12/14 to 31/12/15 (%)	31/12/13 to 31/12/14 (%)	31/12/12 to 31/12/13 (%)
Sterling (£)	4.62	9.38	0.53	10.04	2.09

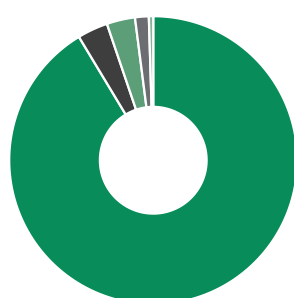
The figures show the performance growth over 5 years as discrete 12 month periods, on a mid price basis with gross income reinvested. All charges and fees, except any initial charge, have been included in the performance figures. Source: FE.

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	91.37
Public authorities	3.42
Government bonds	3.18
Cash	1.54
Overseas borrowers	0.49

LARGEST INVESTMENTS (%)

Treasury 4.25% 2027	2.34
Eastern Power Networks Plc 8.5% 2025	1.96
HSBC 6% 2040	1.90
Bank of America 7% 2008	1.51
FirstGroup plc 8.75% 2021	1.45
Citigroup Inc 6.8% 2038	1.43
Northern Powergrid (Yorkshire) plc 9.25% 2020	1.37
Southern Gas Networks PLC 4.875% 2029	1.24
E.ON International Finance 5.875% 2037	1.17
HSBC Bank 5% (F/R) 2023	1.13

MARKET OVERVIEW

The final quarter of 2017 was another positive one for corporate bonds, capping an impressive year for the asset class. Many experts began the year with words of caution; it was difficult to view investment grade credit as cheap on any typical measures.

However, benign government bond markets, loose monetary policies and improving levels of economic activity all helped create an environment which attracted investors into riskier assets. Sterling denominated corporate bonds delivered four successive quarters of positive returns as a result, and the market rose 1.5% in the three months to 31 December.

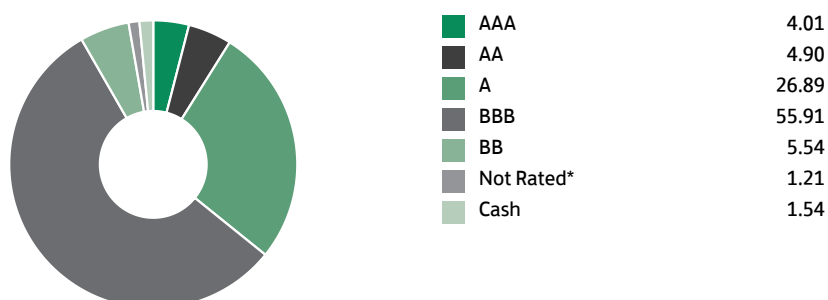
The Fund marginally underperformed the benchmark. Although both asset allocation and security selection were strong, yield curve movements adversely affected returns. The Fund's running yield started the period at 4.7% and ended 0.7% higher than the benchmark at 4.69% for the quarter, remaining above target throughout the period, thus meeting the targets of the Fund.

Financials led the performance for a consecutive quarter, with spreads tightening most prominently in insurance. Spreads widened slightly in utilities and industrials across the quarter, and so overall a weak quarter for corporates. Core inflation rates for December fell below consensus year-on-year. Meanwhile, retail price inflation was in line with expectations at 4.1% for December.

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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

Total return versus benchmark was helped by strong asset allocation, financials performance was strong. The Fund was underweight banks' Tier 1 (core) capital and overweight in less secure Tier 2 positions. As the latter outperformed, this produced strong positive returns. In insurance, an underweight in seniors and an overweight subordinated debt was positive. The Fund was underweight industrials; as spreads widened, this resulted in positive returns relative to benchmark. The Fund was shorter duration than benchmark.

Utilities were weak, with names such as EDF and Centrica seeing poor performance in November. Water utilities are under pressure following greater regulatory focus on the sector. Therefore, being overweight utilities in terms of asset allocation within corporates cost the Fund some performance.

The Fund benefitted from strong security selection within financials. An overweight position in a longer dated Rabobank bond performed poorly as spreads widened. EDF, the utility, suffered following the French government's decision to reduce its stake in the group. Airports, particularly Heathrow bonds, were weak following new issuance between November and December.

New additions included a new issue by Segro, a solid name with a high quality asset base and a standout performance in industrial/logistics.

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 31st December 2017

£263.69m

Dealing Price as at 31st December 2017

£0.8879

Estimated Yield

4.28%

Gross Redemption Yield as at 31st December 2017

2.40%

Average Bond Maturity Fund Duration/Benchmark

7.69 years / 8.36 years

Distribution Dates

22nd Monthly

Ex Dividend Dates

1st business day of month

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

195

Sedol/ISIN

0870076/GB0001094027

CONTACT DETAILS

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Details of any commissions payable and copies of the Prospectus are available free of charge upon request from the Manager.