



GILT FUND

January 2018 Factsheet

FUND OBJECTIVE

The aim of the Fund is to seek to provide a regular income through investment in sterling denominated government and other public securities, principally those issued by the British Government and those which pay interest without deduction of tax to non-residents of the country of issuer.

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 (%)
Monthly B	0.81	8.28	-0.94	11.87	-5.62
Quarterly A	0.89	8.23	-0.92	11.91	-5.60

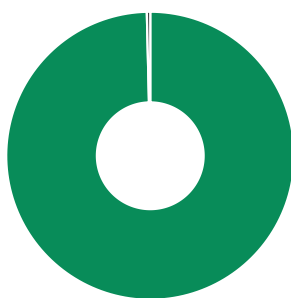
The figures show the performance growth over 5 years as discrete 12 month periods, on a mid price basis with gross income reinvested. All charges and fees, except any initial charge, have been included in the performance figures. Source: FE.

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 (%)



Government bonds	99.62
Cash	0.38

LARGEST INVESTMENTS (%)

Treasury 3.25% 2044	7.92
Treasury 4.5% 2034	7.48
Treasury 1.5% 2047	7.16
Treasury 5% 2018	6.86
Treasury 1.75% 2019	6.42
Treasury 3.75% 2021	6.02
Treasury 3.5% 2045	5.61
Treasury 1.5% 2026	5.60
Treasury 4.25% 2046	5.53
Treasury 2% 2020	4.98

MARKET OVERVIEW

There was plenty of domestic news throughout the quarter. UK Prime Minister Theresa May gave a disastrous speech at the Conservative Party Conference which led to renewed currency weakness amid increased talk of a potential leadership change. The October European Union Summit deemed that the UK had failed to make "sufficient progress" in Brexit negotiations, so hopes shifted to the December Summit to move to Phase 2 of talks.

November brought the first interest rate rise from the Bank of England since 2007. The accompanying communication was seen as favouring low interest rates in the hope of stimulating the economy, which caused a rally in the UK gilt market. The Bank of England December meeting was uneventful, with policy left unchanged. Sufficient progress was officially achieved in Brexit negotiations in December, although this was mostly already priced in by markets given prior leaks, so the value of Sterling actually fell during December. The UK 10 year government bond rallied just over 0.15% over the quarter to finish the year around 1.20%, although there was a bout of volatility around the Christmas period.

The Fund showed reasonable outperformance versus benchmark during the final quarter of the year. This came from a variety of sources. The remainder of the long duration position which had been added in September was removed at a profit in October.

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FUTURE POLICY

We expect the UK to grow by 1.5% in both 2017 and 2018, before a slight pick up to 1.6% in 2019. The squeeze on consumers from high inflation will ease only slowly, and businesses will remain wary of investing in a climate of Brexit related uncertainty. Fiscal policy will remain a drag on growth over the next few years, despite the Chancellor implementing a modest loosening in November's Budget relative to his March statement.

Inflation ticked above 3% in November, requiring the Governor of the Bank of England ("BoE") to write a letter to the Chancellor explaining the deviation of more than one percentage point from the Bank's 2% target. This could represent the peak for inflation, with a cooling through 2018.

After hiking in November, the BoE does not seem to be in any hurry to raise rates again soon. However, most economic commentators believe this is unlikely to be a one-off hiking cycle. We forecast one rate rise in 2018 and another in 2019.

The UK and EU have agreed a deal on the first phase of Brexit negotiations. The government has made a clear commitment to maintaining 'regulatory alignment', which may push the UK towards a 'softer' form of Brexit.

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

£37.56m

Dealing Price as at 31st December 2017

Monthly B: £1.2750

Quarterly A: £1.3290

Estimated Yield

1.50%

Gross Redemption Yield as at 31st December 2017

Monthly B: 1.19%

Quarterly A: 1.19%

Average Bond Maturity Fund Duration/Benchmark

11.09 years / 11.09 years

Distribution Dates

Monthly B: 25th Monthly

Quarterly A: 15th Feb, May, Aug & Nov

Ex Dividend Dates

Monthly B: 1st business day of month

Quarterly A: 1st Jan, Apr, Jul & Oct

Minimum Initial Investment

£5,000 or currency equivalent

Minimum Subsequent Investment

£500 or currency equivalent

Minimum Regular Savings Investment

£100 per month

Initial Charge

3.5%

Annual Management Charge

0.85%

Total Holdings

25

Sedol/ISIN

Monthly B: 0906830/GB0009068304

Quarterly A: 0906971/GB0009069716

CONTACT DETAILS

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