



# GILT FUND

## April 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

	31/03/17 to 31/03/18 (%)	31/03/16 to 31/03/17 (%)	31/03/15 to 31/03/16 (%)	31/03/14 to 31/03/15 (%)	31/03/13 to 31/03/14 (%)
Monthly B	-0.46	5.04	1.57	11.78	-4.31
Quarterly A	-0.35	5.02	1.62	11.73	-4.28

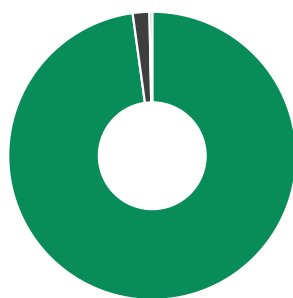
The figures show the performance growth over 5 years as discrete 12 month periods, on a mid price basis with gross income reinvested. All charges and fees, except any initial charge, have been included in the performance figures. Source: FE.

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	97.82
Government Index-linked	1.87
Cash	0.31

### LARGEST INVESTMENTS (%)

Treasury 4.5% 2019	15.13
Treasury 3.25% 2044	7.69
Treasury 1.5% 2047	7.53
Treasury 1.75% 2019	6.45
Treasury 4.25% 2046	5.79
Treasury 1.5% 2026	5.25
Treasury 2% 2020	5.09
Treasury 8% 2021	4.56
Treasury 4% 2022	4.34
Treasury 1.25% 2027	4.07

### MARKET OVERVIEW

Global equity markets were strong at the beginning of the year, helping to prompt a sell-off in government bonds; the yield on the 10 year US Treasury rose to 2.70% in January, a level not seen since 2014. In the UK market, accompanied by optimistic Brexit headlines and slightly better economic data, the 10 year gilt yield also moved higher. The start of February brought a return to market volatility, and relatively large falls in equities caused flight-to-quality moves throughout fixed income markets. However, this was relatively short lived; as investors' nerves settled, both equity prices and bond yields moved higher once more, albeit the move in bond yields was partially retraced in March. Over the three months, the 10 year gilt yield moved from 1.22% to 1.39%.

In February the Fund added a short duration position, we then added to this in March. This position was a drag on performance following the risk off moves at the end of March. Following the retracement in yields from their February highs, the position was added in anticipation of yields continuing their upward trajectory as a result of the continued strong global backdrop & likely further tightening of monetary policy from the Bank of England. A large part of this under performance re-traced on moves post the quarter end.

We maintained our curve trade, expecting ultra long bonds to underperform their 30 year maturity counterparts.

The Fund also added a long inflation position in March, taken by selling 30 year nominal bonds and buying the corresponding inflation-linked bonds. The rationale for this is the supply and demand dynamics of both nominal and index-linked gilts over the next quarter.

The Fund continues to hold various relative value type trades, hoping to take advantage of perceiving pricing anomalies between various bonds, taking into account things like liquidity and supply & demand dynamics.

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### FUTURE POLICY

We expect the UK economy to grow 1.8% in 2018 and 1.6% in 2019. The economy should benefit from a recovery in household spending power this year, but any boost from net trade is set to fade as sterling strengthens.

Consumer price inflation fell to 2.7% in February, and is likely to remain on a downward trend towards the 2% target as earlier currency weakness falls out of the year on year comparison.

Against this backdrop, recent wage settlement surveys and the latest NHS pay agreement point to a pick up in real wage growth.

The Bank of England has signalled additional rate rises, given diminishing spare capacity in the economy. We expect two rate hikes this year, one in 2019 and one in 2020.

A transitional deal between the UK and EU post March 2019 has been agreed, with the UK continuing to be bound by EU rules until the end of 2020, while we expect the post transition relationship to take the form of a Canada style free trade agreement.

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 March 2018**  
£36.21m

**Dealing Price as at 31st March 2018**

Monthly B: £1.2690

Quarterly A: £1.3240

**Estimated Yield**

1.56%

**Gross Redemption Yield as at 31st March 2018**

Monthly B: 1.15%

Quarterly A: 1.15%

**Average Bond Maturity Fund Duration/Benchmark**

10.19 years /11.37 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% to 27/04/18. 2% from 30/04/18

**Annual Management Charge**

0.85%

**Total Holdings**

29

**Sedol/ISIN**

Monthly B:0906830/GB0009068304

Quarterly A:0906971/GB0009069716

### CONTACT DETAILS

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