



# GILT FUND

## July 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

	30/06/17 to 30/06/18 (%)	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 (%)
Monthly B	0.72	-1.19	10.52	6.72	0.85
Quarterly A	0.76	-1.24	10.64	6.70	0.84

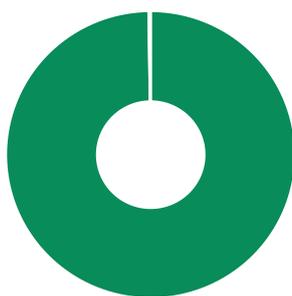
The figures show the performance growth over 5 years as discrete 12 month periods, on a mid price basis with gross income reinvested. All charges and fees, except any initial charge, have been included in the performance figures. Source: FE.

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	99.76
Cash	0.24

### LARGEST INVESTMENTS (%)

Treasury 1.25% 2018	10.64
Treasury 4.5% 2019	10.00
Treasury 1.75% 2019	7.48
Treasury 3.25% 2044	7.12
Treasury 4.25% 2046	5.86
Treasury 8% 2021	5.42
Treasury 2% 2020	5.22
Treasury 3.5% 2045	4.78
Treasury 1.25% 2027	4.19
Treasury 1.5% 2047	3.79

### MARKET OVERVIEW

An escalation of trade concerns, the strengthening US dollar and worries about Eurozone viability stemming from Italian politics were the dominating stories of the second quarter. The overall mix served to unnerve risk markets. While the UK gilt market was buffeted by global developments, communications from the Bank of England caused the greatest confusion.

Having overtly shifted market rate pricing towards a series of likely rises through a hawkish stance based on supply side concerns, the Monetary Policy Committee pulled back sharply from this stance in the face of weak first quarter Gross Domestic Product data. Subsequent communications from Governor Carney indicated a far less certain interest rate opinion, driving strong performance from gilts in the run up to quarter end.

Duration positions made a positive contribution. At the beginning of the review period the Fund was short duration; these positions were closed in April and May as yields retraced higher. In mid May we used the syndication of Gilt 2017s to take the Fund long; this position was exited as yields fell on the back of the Italian political issues. In mid June, we reset the short duration position, as we felt the risk-off move was overdone.

A cross market position into Australian government bonds acted as a slight drag on performance, and we trimmed this position in May. The Fund also closed out the cross market position into US Treasuries.

A curve flattening position at the long end of the curve (buying ultra-long Gilts and selling 30 year Gilts) was closed at a profit in April. In May we added another curve flattening position, selling five year gilts and buying 30 year gilts. This position was also positive for performance.

A long inflation position was closed partially in May and then June, both at a profit (taken by selling 30 year nominal bonds and buying the corresponding inflation-linked bonds). The rationale for these trades were the supply demand dynamics of both nominal and index-linked gilts over the quarter.

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### FUTURE POLICY

We expect the UK economy to grow 1.4% in 2018 and 1.5% 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 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 one rate hike this year, followed by two more in both 2019 and 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. However, much uncertainty remains surrounding 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 30th June 2018**  
£35.42m

**Dealing Price as at 30th June 2018**  
Monthly B: £1.2640  
Quarterly A: £1.3180

**Estimated Yield**  
1.42%

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

Monthly B: 1.21%  
Quarterly A: 1.21%

**Average Bond Maturity  
Fund Duration/Benchmark**

10.62 years / 11.2 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**

27

**Sedol/ISIN**

Monthly B: 0906830/GB0009068304  
Quarterly A: 0906971/GB0009069716

### CONTACT DETAILS

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Telephone calls may be recorded and monitored. Call costs may vary depending on your service provider.

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Collective investment funds are generally medium to long-term investments. They are traded at the dealing prices and may engage in borrowing and stocklending.

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