



GILT FUND

April 2017 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

	31/03/16 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 (%)	31/03/12 to 31/03/13 (%)
Monthly B	5.04	1.57	11.78	-4.31	3.33
Quarterly A	5.02	1.62	11.73	-4.28	3.37

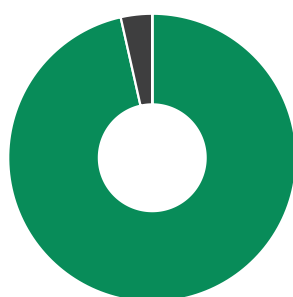
The figures show the performance growth over 5 years as discrete 12 month periods, on a mid price basis with gross income reinvested. All charges and fees, except any initial charge, have been included in the performance figures. Source: FE.

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	96.48
Government Index-linked	3.51
Cash	0.01

LARGEST INVESTMENTS (%)

Treasury 1% 2017	12.14
Treasury 4.5% 2034	8.77
Treasury 3.25% 2044	8.43
Treasury 1.75% 2019	7.27
Treasury 8.75% 2017	7.07
Treasury 3.5% 2045	5.49
Treasury 3.75% 2021	5.49
Treasury 4.25% 2046	5.46
Treasury 2% 2020	4.49
Treasury 8% 2021	4.22

MARKET OVERVIEW

The quarter period began with gilt yields drifting higher, in the expectation of upcoming US fiscal stimulus. After January though, yields began to drift lower, and the yield on the 10 year conventional gilt finished the quarter 0.20% lower at 1.15%.

In February's Quarterly Inflation Report, the Bank of England's Monetary Policy Committee reiterated its neutral stance, causing a re-pricing of interest rate hikes that the market had begun to expect. Then later in March, a surprise dissenter, Kristin Forbes, voted for a rate hike, taking the vote to 8-1 and causing a sell-off in UK bonds. In late March, attention turned back onto Brexit, as the UK Prime Minister triggered Article 50, starting the two year countdown to leaving the European Union.

The Fund underperformed the benchmark. This was primarily due to duration positioning, particularly a long duration position. This was removed in January, when UK growth appeared resilient to the impact of Brexit. A short duration position was initiated in the latter half of the quarter on expectations of higher global growth and higher inflation. Building expectation of a reduction in fiscal stimulus by the European Central Bank was expected to pull German bond yields higher, and gilts with them. In the event, however, while Treasury and German bond yields increased considerably, the UK gilt market outperformed substantially, and the position was closed at a slight loss.

A trade to reduce the inflation exposure was built up in the latter half of the quarter. This trade involves selling 30 year gilts and buying 30 year index linked gilts. This part of the market is predominately driven by supply and demand dynamics. No further issues of long dated gilts are expected until the new financial year in April, and on the demand side March seasonally sees strong demand for inflation linked bonds, subsequently the spread between the two instruments will rise. We later took profits on half of the position following a sharp rise in the spread between the traditional and index linked gilts, but we maintain some exposure to potentially benefit from the ongoing favourable supply and demand dynamics in the position.

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FUTURE POLICY

UK economic growth is likely to slow as higher inflation erodes household spending power. Consumption has been the primary driver of UK growth over the past few years and faces headwinds as real incomes are squeezed, particularly when the household savings ratio is at multi decade lows and household debt is already relatively high. As a result of this, despite the change in the Monetary Policy Committee vote in March, we still do not expect rate hikes from the Bank of England any time soon.

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 2017
£42.35m

Dealing Price as at 31st March 2017
Monthly B: £1.2940
Quarterly A: £1.3480

Estimated Yield
1.57%

Gross Redemption Yield as at 31st March 2017

Monthly B: 0.83%
Quarterly A: 0.83%

**Average Bond Maturity
Fund Duration/Benchmark**

11.21 years /11.12 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

26

Sedol/ISIN

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

CONTACT DETAILS

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