Lloyds Investment Fund Managers Limited

EURO HIGH INCOME FUND

April 2017 Factsheet

FUND OBJECTIVE

The aim of the Fund is to maintain a high income, through investment in a spread of fixed interest securities denominated predominantly in euro.

INVESTMENT MANAGER

Aberdeen Asset Investments Limited.

FUND PERFORMANCE

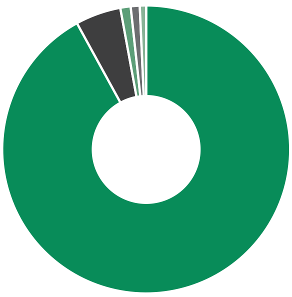
	31/03/16 to 31/03/17 (%)	31/03/15 to 31/03/16 (%)	31/03/14 to 31/03/15 (%)	31/03/13 to 31/03/14 (%)	31/03/12 to 31/03/13 (%)
Euro (€)	1.64	-2.13	7.97	3.97	12.04

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 UK Offshore - Fixed Interest Euro.

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	92.02
Public authorities	5.10
Government bonds	1.16
Cash	1.01
Overseas borrowers	0.71

LARGEST INVESTMENTS (%)

KFW Banking Group 4.625% 2023	5.10
Cooperative Rabobank 4.75% 2022	2.58
GE Capital European Funding 6.025% 2038	2.42
Orange SA 8.125% 2033	2.15
BNP Paribas 4.5% 2023	2.15
Unibail-Rodamco SE 2% 2036	2.12
Total Capital 5.125% 2024	1.83
Heathrow Funding Ltd 4.6% (F/R) 2020	1.82
Deutsche Telekom International Finance 7.5% 2033	1.80
Credit Agricole SA 5.125% 2023	1.78

MARKET OVERVIEW

- Despite uncertainty and subsequent volatility in the current political climate of Europe, credit markets reacted relatively positively to improving economic data in the region and the Dutch election result. Not even Theresa May's decision to trigger Article 50 at the end of March could dent confidence in the market. Central banks continue to buy bonds, but the main support for the asset class continues to come from institutional investors. New issuance, although robust, is still being soaked up.

  Yield spreads relative to government bonds have remained broadly unchanged, and credit spreads in all the major markets are, at the end of the 1st quarter of 2017, trading close to fair value levels.

  Inflation was lower than expected, with headline consumer price inflation falling by 0.5% to 1.5% year-on-year. There were also news reports of concern at the European Central Bank that its latest press conference had been overemphasised and the move to a more aggressive tone in their communications, that the market had latched on to, was perhaps not entirely intended.

  The Fund and the benchmark returned a modest positive total return. The Fund maintained a greater than one percentage point margin above its benchmark running yield during the whole quarter. During the quarter we reduced positions in Allianz due to rising merger and acquisition ("M&A") risks, and bonds exposed to rising French political risks such as EDF and Carrefour. We also reduced Verizon and AT&T, again on rising M&A risk. We added positions in short dated and callable bonds from KPN, Nationwide Building Society and American Movil (Mexican mobile), all for their yield and short duration attractions. We participated in a new issue from Jaguar Land Rover, which now has an investment grade balance sheet but is currently rated sub-investment grade.

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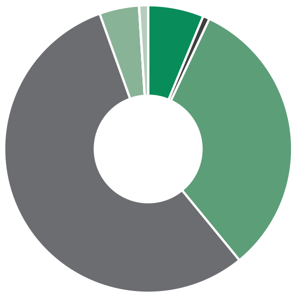
BOND RATINGS (%)



AAA	6.25
AA	0.74
A	32.09
BBB	55.45
BB	4.45
Not Rated*	0.01
Cash	1.01

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

We foresee rising bond yields during 2017. Fiscal easing and monetary tightening are not occurring either globally or simultaneously, but a small shift towards each has occurred lately, with the US leading the way. Labour markets are tighter in developed economies; this is an inflationary threat.

Political risks and volatility in risk assets could move to force yields lower as investors favour higher quality bonds, while a reflationary bounce could cause a sudden spike. On balance, however, we expect a gradual move. The aforementioned inflationary pressures will increase in 2017, but these are priced into the market to some extent.

We continue to position the Fund with a lower duration profile than that of the benchmark with the aim of reducing volatility bearing in mind the level of income is in excess of the benchmark requirements.

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
€14.45m

Dealing Price as at 31st March 2017
€1.6180

Estimated Yield
3.05%

Gross Redemption Yield as at 31st March 2017
1.33%

Average Bond Maturity Fund Duration/Benchmark
5.95 years /7.18 years

Distribution Dates
22nd February, May, August & November

Ex Dividend Dates
1st January, April, July & October

Minimum Initial Investment
€5,000 or currency equivalent

Minimum Subsequent Investment
€1,000 or currency equivalent

Minimum Regular Savings Investment
€200 per month

Initial Charge
4%

Annual Management Charge
0.875%

Total Holdings
91

Sedol/ISIN
0871756/GB0008717562

CONTACT DETAILS

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