



EURO HIGH INCOME FUND

January 2018 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

	31/12/16 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 (%)
Euro (€)	1.97	4.38	-2.43	8.49	2.32

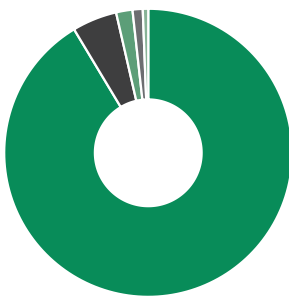
The figures show the performance growth over 5 years as discrete 12 month periods, on a mid price basis with gross income reinvested. All charges and fees, except any initial charge, have been included in the performance figures. Source: FE.

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	91.39
Public authorities	5.02
Overseas borrowers	1.84
Government bonds	1.14
Cash	0.61

LARGEST INVESTMENTS (%)

KFW Banking Group 4.625% 2023	5.02
Cooperative Rabobank 4.75% 2022	2.56
GE Capital European Funding 6.025% 2038	2.35
Orange SA 8.125% 2033	2.27
Unibail-Rodamco SE 2% 2036	2.21
BNP Paribas 4.5% 2023	2.16
Deutsche Telekom International Finance 7.5% 2033	1.86
Total Capital 5.125% 2024	1.83
Heathrow Funding Ltd 4.6% 2018	1.80
Credit Agricole SA 5.125% 2023	1.78

MARKET OVERVIEW

- Credit markets performed strongly again over the final three months of 2017 as continued strong global economic growth and cautious central bank policy exits provided ongoing support for risk assets.

Euro investment grade spreads (the excess yield for corporate bonds over government bonds) finished 2017 at their lowest levels for many years. Nevertheless, demand for the asset class remains robust given the low government yield environment and healthier economic fundamentals.

Bonds issued by financial institutions were again very strong as sector fundamentals improve and valuations appear attractive relative to European non financial bonds whose spreads have been suppressed by European Central Bank ("ECB") purchases.

Government bond yields were volatile as investors react to guidance from the ECB as to its future potential withdrawal of stimulus. German bund yields remain low, accentuated by ECB purchases and the ongoing shortage.

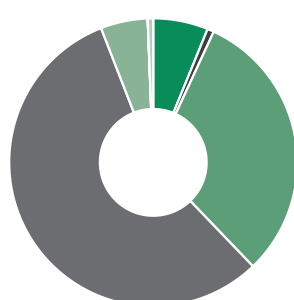
The Fund generated a strong positive return over the quarter, helped by the positive credit market tone. The return was marginally behind benchmark reflecting yield curve positioning. The Fund running yield remains comfortably above benchmark.

Over the quarter, corporate hybrid bonds were bought from Danone and Iberdrola as issuance from this asset class returned. Long dated bonds from AT&T and Vodafone were also purchased reflecting very steep curves for these issuers. Low yielding, short dated bonds were sold against this following strong performance.

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BOND RATINGS (%)



AAA	6.16
AA	0.74
A	30.93
BBB	56.27
BB	5.28
Not Rated*	0.01
Cash	0.61

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

Global growth continues to improve, particularly in the Eurozone, despite currency strength. This should continue to support risk assets if central banks can continue to manage an orderly exit from years of extraordinary monetary policy.

Credit valuations appear rich on most valuation metrics, and this warrants caution. However, levels can be justified given the fundamental backdrop and relative value to other asset classes. We continue to favour a long credit risk position but remain cautious.

Higher yields are expected as growth and inflation rises and central banks remove stimulus. However, we expect this to be gradual given underlying structural dynamics and potential volatility as political and economic events impact markets. On balance, we favour a shorter duration stance to protect capital.

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

€14.31m

Dealing Price as at 31st December 2017

€1.6150

Estimated Yield

3.05%

Gross Redemption Yield as at 31st December 2017

1.08%

Average Bond Maturity Fund Duration/Benchmark

5.76 years / 7.28 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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Details of any commissions payable and copies of the Prospectus are available free of charge upon request from the Manager.