



# EUROPEAN FUND

## January 2018 Factsheet

### FUND OBJECTIVE

The aim of the Fund is to seek long term capital appreciation through investment in European securities.

### 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 (%)
Sterling (£)	16.53	16.37	3.10	-10.39	22.51
Euro (€)	12.99	-0.29	9.06	-4.06	20.08
US dollar (\$)	27.93	-3.36	-1.91	-15.60	25.34

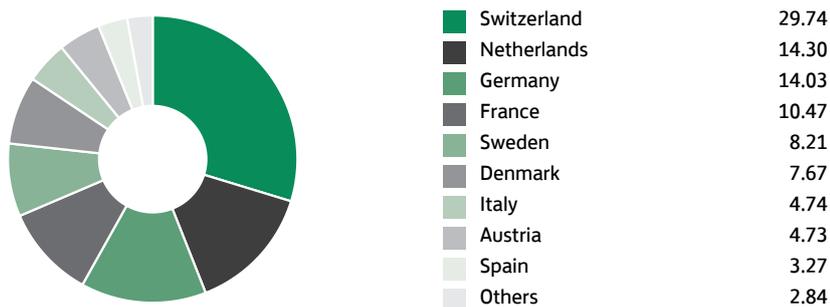
The figures show the performance growth over 5 years as discrete 12 month periods, on a mid price basis with gross income reinvested. All charges and fees, except any initial charge, have been included in the performance figures. Source: FE.

Sector is Lipper Offshore European Excluding UK.

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.

### GEOGRAPHICAL SPLIT (%)



### LARGEST INVESTMENTS (%)

Novo Nordisk A/S	5.43
Nestle	4.82
Unilever	4.70
UBS Group	3.62
Amadeus IT Group	3.27
Heineken	3.23
Amplifon	3.10
L'Oreal	3.10
Edenred	3.09
Tecan Trading AG	2.95

### MARKET OVERVIEW

European equities rose in the fourth quarter to round off an encouraging 2017, with markets buoyed by good corporate profits and positive economic data. Sentiment was also lifted by US tax reforms. Eurozone third quarter Gross Domestic Product expanded as investments and exports rose. The central bank kept monetary policy steady at its December meeting as "deflation risks have disappeared". Counterbalancing this was Spain's political turmoil as Catalonia attempted to breakaway and uncertainty over protracted talks to form a coalition government in Germany, which may hurt both Brexit negotiations and EU reform. Regulators unveiled the Basel III rules that aim to strengthen the banking sector.

For the quarter to the end of December, the portfolio rose by 3.23% in sterling terms. Both asset allocation and stock selection were positive.

At the stock level, contributors to relative performance include Schoeller-Bleckmann, whose shares rose on the back of improving conditions in US shale production markets, which should stimulate demand for its specialist products. Also benefiting the Fund was Temenos, which did well after an earnings upgrade, as well as clinching software contracts from key clients, as banks accelerated the shift towards digital banking. Also contributing to performance was Novo-Nordisk, as it continued to show impressive growth across its insulin products and was also boosted by positive trial data.

Conversely, capping gains were Fuchs Petrolub, whose shares faced a poor quarter as profitability was hampered primarily by rising raw material costs. However, organic growth remained robust and the outlook in its end markets stayed positive. Also costing the Fund was Unilever, amid investor disappointment over an expected growth spurt in its third quarter trading update, with some negative comments about increased competition. Lastly, Svenska Handelsbanken also detracted as it suffered from earnings pressure caused by falling interest rates, concerns over the Swedish housing market, as well as fears over the impact of regulatory changes.

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### FUTURE POLICY

The economic outlook for European equities looks relatively rosy, with signs that the encouraging performance of 2017 will continue, buoyed by good corporate profits and positive economic data. Central bank policy remains relatively accommodative and this is reflected in the prospects for Gross Domestic Product growth, with expectations at their highest level in a decade. Notably, the European Central Bank is likely to hold monetary policy steady as “deflation risks have disappeared”. However, political risks are in sharper focus in the year ahead, such as the new Catalan parliament which will be in session for the first time since the December election, as Madrid reinstates local government after ejecting the previous administration for illegally declaring independence. In Germany, Chancellor Angela Merkel’s political capital is evaporating rapidly as the protracted coalition talks drag on with no end in sight yet for a new government, and this could have negative implications for Brexit as well as EU reform. In the UK, economic resilience despite the pall of uncertainty from Brexit talks is likely to continue surprising investors. Inflation remains a bugbear and the central bank’s first rate hike in a decade may have been somewhat imprudent, with sterling weakness the real source of price pressures and not an overheating economy. However, with recent climbs in energy prices, the Bank of England’s decision may start to look prescient in the months ahead.

While we acknowledge there is still support for equity prices, namely a largely accommodative monetary policy environment and inferior yields on offer from other asset classes, valuations are nevertheless quite full and we must remain watchful. Having said that, we are still finding compelling long term investment opportunities: quality businesses operating in high growth markets that possess balance sheet capacity and cash flow strength, and led by able management.

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

£14.88m

#### Dealing Price as at 31st December 2017

£10.2500

€11.5500

\$13.8500

#### Estimated Yield

0.33%

#### Distribution Dates

22nd November

#### Ex Dividend Dates

1st October

#### Minimum Initial Investment

£1,000 or currency equivalent

#### Minimum Subsequent Investment

£500 or currency equivalent

#### Minimum Regular Savings Investment

£100/US\$200/€200 per month

#### Initial Charge

5%

#### Annual Management Charge

1.5%

#### Total Holdings

40

#### Sedol/ISIN

0871790/GB0008717901

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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.