
LLOYDS GILT FUND LIMITED

Prospectus

November 2014



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Important Information

This document is the Prospectus of Lloyds Gilt Fund Limited (the “Company” or the “Fund”), valid as at November 2014, and is prepared in accordance with the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (the “Order”) of the Island of Jersey for the purpose of the marketing and sale of participating redeemable preference shares of 1p each (“Shares”) in the Company.

The Company is a recognized fund as defined in the Collective Investment Funds (Jersey) Law, 1988, as amended and permits have been granted by the Jersey Financial Services Commission (the “Commission”) under this law to the Company, Lloyds Investment Fund Managers Limited (the “Manager”) and Capita Trust Company (Jersey) Limited (the “Custodian”). The Commission is protected against liability arising from the discharge of its functions under this law.

The consent of the Commission under the Control of Borrowing (Jersey) Order 1958, as amended, has been obtained for the issue of Shares. The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under this law.

The Shares have been introduced to, and are listed on the Channel Islands’ stock exchange, known as the Channel Islands Securities Exchange Authority Limited (the “CISEA”), and the Malta Stock Exchange.

This Prospectus includes particulars given in compliance with the Listing Rules of the CISEA for the purpose of giving information with regard to the Company. The directors of the Company (the “Directors”) and the Manager, whose names appear on page 3, accept full responsibility for the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Neither the admission of the Shares to the CISEA nor the approval of the Prospectus pursuant to the listing requirements of the CISEA shall constitute a warranty or representation by the CISEA as to the competence of the service providers to or any other party connected with the Company, the adequacy and accuracy of information contained in the Prospectus or the suitability of the Company for investment or for any other purpose.

The information contained in this document does not constitute an invitation to buy or the solicitation of an offer to sell securities or accept deposits or to provide any other products or services in any jurisdiction to any person to whom it is unlawful to make an offer or solicitation, nor should it be construed to constitute any investment advice. The Manager is unable to provide any advice in connection with investment in the Company.

Legislation or regulations in your home jurisdiction may prohibit you from entering into such a transaction with us or from receiving advice about this product. We reserve the right to make final determination on whether you are eligible for any products or services.

Residents or nationals of certain jurisdictions may be subject to exchange controls and should seek independent advice before entering into any transactions with us.

Attention is drawn to the compulsory redemption provisions under the heading “Qualified Shareholders” on page 14.

Persons interested in acquiring Shares should inform themselves as to (i) the legal requirements within the countries of their nationality, residence or domicile for such acquisition; (ii) any foreign exchange control requirement which they might encounter on acquisition or sale of Shares; and (iii) the income tax and other tax consequences which might be relevant to the acquisition, holding or disposal of Shares.

The Company is not a recognised scheme in the United Kingdom and cannot be marketed or promoted in the United Kingdom. It is not required to comply with the Alternative Investment Fund Managers Directive 2011/61/EU (“AIFMD”).

The Shares have not been registered under the US Securities Act of 1933 (“1933 Act”) and except in a transaction which does not violate the 1933 Act may not be directly or indirectly offered or sold to, or for the benefit of, a US person. The Company has not been registered under the US Investment Company Act of 1940 in reliance upon the exemption afforded by Section 3 (c) (1) thereunder.

For these purposes a US person is as defined in Regulation S under the 1933 Act, namely: a resident of the United States, a partnership organised or existing in any state, territory or possession of the United States, a corporation organised under the laws of the United States or of any state, territory or possession thereof or areas subject to its jurisdiction, or any estate or trust other than an estate or trust income of which arises from sources outside the United States (which is not effectively connected with the conduct of a trade or business within the United States) and is not included in gross income for the purposes of computing United States federal income taxation. The attention of US persons is drawn to the compulsory redemption provisions on page 14 under the heading "Qualified Shareholders".

Cooling off periods and cancellation rights, which are a statutory right in certain jurisdictions, do not apply to investments in offshore funds. These relate to a period of time running from the date on which a contract for an investment is deemed to have been entered into, during which period the investor is able to change their mind and cancel the contract.

As an investment in a fund is not a bank deposit, the Jersey Bank Depositors Compensation Scheme does not apply.

However, limited protection is provided under the Collective Investment Funds (Recognized Funds) (Compensation for Investors) (Jersey) Regulations, 1988, as amended; a scheme of compensation for investors in the event of the default of a functionary who has become bankrupt or is unable to satisfy civil liability claims in connection with a recognized fund.

The maximum amount of compensation payable under the scheme to any one investor is £48,000 but is subject to the total amount of compensation in any one year under the scheme being limited to £5,000,000.

Neither the delivery of this Prospectus, nor the allotment or issue of Shares by the Company or the sale of Shares by the Manager, shall create any implication that there have not been any changes in the affairs of the Company since the date of this Prospectus.

The Directors of the Company and the Manager have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts, the omission of which would make misleading any statement herein whether of fact or opinion.

The Manager conducts its business in accordance with local legal and regulatory requirements, including anti-money laundering requirements which require the Manager to disclose information that would otherwise be confidential in circumstances where the Manager suspects its client of benefiting from or engaging in criminal activity including tax fraud. The supply of the product described in this document meets the provisions of The Distance Marketing of Consumer Financial Services Directive Instrument (2002/65/EC).

Further copies of this Prospectus and of the Company's most recent Annual Report & Accounts and any subsequent Interim Report & Accounts may be obtained free of charge from:

Lloyds Investment Fund Managers Limited
P.O. Box 311
11-12 Esplanade
St Helier
Jersey JE4 8ZU
Telephone Jersey **+44 (0) 1534 845555**
(9am-5pm, Monday to Friday excluding Bank Holidays).
Facsimile **+44 (0) 1534 845556**
Website: lloydsbank.com/international
Email: funds@lloydsbankinternational.com

Telephone calls may be monitored and recorded. Messages sent by email may not be secure and may be intercepted by third parties. For these reasons, do not use email to send us communications which contain confidential information or instructions as we require these instructions to be in writing. If you disregard this warning and choose to send us confidential information, you agree that you do so at your own risk and that you will not hold the Manager responsible for any loss that you suffer as a result.

If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

Management and Administration

The Company

Lloyds Gilt Fund Limited
Directors:
Ross Davey Willcox (Chairman)
Ian Mark Jeremie Hardy
Timothy Joseph Herbert
Brian Charles James
Bronislaw Lysiak
Registered Office
P.O. Box 160
25 New Street
St Helier
Jersey
Channel Islands JE4 8RG

Company Secretary

Lloyds Corporate Services (Jersey) Limited
P.O. Box 160
25 New Street
St Helier
Jersey
Channel Islands JE4 8RG

Manager and Registrar

Lloyds Investment Fund Managers Limited
Registered Office
P.O. Box 160
25 New Street
St Helier
Jersey
Channel Islands JE4 8RG

Principal Place of Business

P.O. Box 311
11–12 Esplanade
St Helier
Jersey
Channel Islands JE4 8ZU

Custodian

Capita Trust Company (Jersey) Limited
Registered Office
12 Castle Street
St Helier
Jersey
Channel Islands JE2 3RT

Investment Manager

Aberdeen Asset Investments Limited
Registered Office
Bow Bells House
1 Bread Street
London EC4M 9HH

Independent Auditor

PricewaterhouseCoopers CI LLP
37 Esplanade
St Helier
Jersey
Channel Islands JE1 4XA

Legal Advisers

In Jersey:
Mourant Ozannes
P.O. Box 87
22 Grenville Street
St Helier
Jersey
Channel Islands JE4 8PX

In Guernsey:

Mourant Ozannes
1 Le Marchant Street
St Peter Port
Guernsey
Channel Islands GY1 4HP

Channel Islands Stock Exchange Sponsor

Mourant Ozannes Securities Limited
1 Le Marchant Street
St Peter Port
Guernsey
Channel Islands GY1 4HP

Principal Bankers

Lloyds Bank International Limited
P.O. Box 160
25 New Street
St Helier
Jersey
Channel Islands JE4 8RG

UK Facilities Agent

Lloyds Bank Private Banking Limited
31–33 Perrymount Road
Haywards Heath
West Sussex RH16 3SP

Paying Agent

Lloyds Bank International Limited
P.O. Box 111
Peveril Buildings
Peveril Square
Douglas
Isle of Man IM99 1JJ

The Company

The Company was incorporated in Jersey on 6 October 1978. It is a public company with limited liability under the Companies (Jersey) Law 1991, as amended (the "Companies Law").

The Company is a securities fund (a fund which invests in stocks and shares) and is the holder of a recognized fund certificate issued under the Order and holds a permit as a collective investment fund under Article 7 of the Collective Investment Funds (Jersey) Law, 1988, as amended.

The Company's Shares are divided into two classes (each a "Class" and together "Classes"). These are: Class "A" where dividends are paid quarterly and Class "B" where dividends are paid monthly.

The Shares are issued, sold, redeemed and repurchased and exchanges effected between the two Classes by reference to the net asset value ("NAV") of the relevant Shares.

As at 30 September 2014 the NAV, which is total assets less total liabilities of the Company was £66,303,113.

Fund	Initial Issue	Initial Price	NAV per share at 30 September 2014	Total Expense Ratio at 30 September 2014*
Class "A"	November 1978	£1.00	£1.234	1.13%
Class "B"	March 1978	£1.07	£1.185	1.13%

Source: Lloyds Investment Fund Managers Limited.

The latest prices and details of the past performance of the Funds are available on request from the Manager or from the website at international.lloydsbank.com/international-investments/funds.

*Total Expense Ratio includes the Annual Management Charge, the Custodian Fee and operating expenses.

Investment Objective and Policy

The investment objective of the Company is to invest in sterling denominated Government and other public securities, principally those issued by the government of Great Britain and those which pay interest without deduction of tax to non residents of the country of the issuer.

The Company provides an opportunity for investors who require a good level of income to take advantage of a managed portfolio of British Government Securities ("gilts"). This level of income may be achieved partly by purchasing gilts at prices currently above their ultimate redemption values and could be at the expense of capital, for example in times of stable or rising interest rates.

The Company shall invest primarily in British Government securities in respect of which persons resident outside the United Kingdom may receive income not subject to United Kingdom taxation. In addition, investment may be made in other sterling bonds, issued or guaranteed by or on behalf of certain governments, local authorities or international organisations.

The Company may also hold cash or monies on current or deposit accounts with certain classes of institution for limited purposes.

A flexible investment policy will be pursued by investing in varying proportions of long, medium and short-dated stocks depending on economic conditions.

Investment Restrictions

General Limitations

There are limits on investment under the Order. Generally the property of the Company must consist of transferable securities and shall comprise Government and other public securities of at least six different issues and not more than 30% in value of the property of the Company may consist of Government and other public securities of the same issue. Such securities are regarded for this purpose as not being of the same issue notwithstanding they are issued by the same person, if they are issued on different terms.

Government and other public securities are securities denominated in sterling creating or acknowledging indebtedness issued by or on behalf of the government of, or a local authority in, the United Kingdom or any other Member State of the European Union or an international organisation the members of which include the United Kingdom or any other Member State of the European Union, or the Governments of Australia, Canada, Japan, New Zealand, Switzerland and the United States of America.

The Company may invest more than 35% in value in securities issued by the Government of the United Kingdom.

The Order generally requires that these securities are traded on an eligible securities market or in the case of new issues that they will be traded on an eligible securities market. The eligible securities markets for the Company are the stockmarkets in the European Union on which securities admitted to official listing are traded. The eligible derivatives market is The London International Financial Futures and Options Exchange. The Manager may, after consultation with the Custodian, choose other markets which satisfy the criteria specified by the Order as eligible securities markets or eligible derivatives markets. Not more than 10% in aggregate in value of the Company's property shall consist of securities not officially listed or traded on an eligible market.

The Company may also hold cash or monies on current or deposit accounts with authorised institutions (as defined in the Order) which can be withdrawn immediately without payment of a penalty exceeding more than seven days' interest calculated at ordinary commercial rates, which may reasonably be regarded as necessary to enable Shares to be redeemed or for the efficient management of the Company in accordance with its objective or for other purposes which may be reasonably regarded as ancillary to the objective of the Company.

The property of the Company may not be invested in units of funds which are managed by the Manager or by an associate of the Manager.

The Company may not sell securities short i.e. a security may not be sold unless it is part of the property of the Company or rights exist to acquire sufficient property to enable the obligation and any similar obligations to be discharged.

None of the money in the property of the Company may be used for lending purposes.

Hedging

Hedging transactions are permitted under the Order provided the total of all sums paid, transferred or deposited by way of premium or initial margin attributable to hedging transactions does not exceed 10% of the value of the property of the Company and are covered transactions. Hedging instruments will be restricted to traded options and financial futures contracts traded on an eligible derivatives market and utilised to hedge against fluctuations in interest rates. Futures and options are contracts which give the buyer the right, or obligation, to purchase or sell an asset at a predetermined price on or before a future date. Such hedging transactions will only be entered into to reduce or eliminate risk and not for speculation.

Borrowing

The Order permits borrowings from eligible institutions which are repayable out of the property of the Company but imposes limits on such borrowings. The limits are that all sums borrowed and outstanding at any one time must not amount in aggregate to a sum greater than the total of all sums which are to become part of the property of the Company within three calendar months of the borrowing and, if immediately repayable, would not require more than 10% of the value of the property of the Company to be used for repayment. There is no intention to use borrowing for the purposes of gearing. Gearing is the borrowing of money in order to purchase assets.

Leveraging

The Manager has chosen to disclose certain information in relation to the leverage arrangements it employs on behalf of the Fund in accordance with the requirements set out in AIFMD. This measure of leverage is calculated as the ratio between the exposure of the Fund and its net asset value, where the exposure is calculated in accordance with the gross method and the commitment method set out in the European Commission Delegated Regulation (EU) No. 231/2013 as the sum of the absolute values of all positions. In the Manager's view, the limited borrowing and hedging arrangements which the Manager may enter into on behalf of the Fund (as disclosed above) do not constitute leverage for the purposes of AIFMD. The Manager is not entitled to employ any leverage (as defined in AIFMD) on behalf of the Fund.

Stocklending

The Company's Articles of Association allow the Custodian, on request of the Manager, to enter into stocklending transactions when it reasonably appears to the Manager to be economically appropriate to do so with a view to generating additional income for the Company with no, or an acceptable level of, risk and otherwise in accordance with the Order.

A stocklending programme is where a lender transfers securities to a borrower otherwise than by way of sale and a requirement is imposed on the borrower to transfer those securities back to the lender otherwise than by way of a sale. The borrower pays the lender for the privilege of borrowing the securities.

Stocklending transactions must not exceed 50% of the market value of the portfolio of a Fund at any one time.

Risk Warnings

It should be remembered that the price of Shares and the income from them can go down as well as up. Consequently, and particularly in the case of early encashment, you might not get back the amount originally invested. Dividends, where payable, are not guaranteed and may fluctuate in money terms.

Past performance should not be seen as an indication of future performance.

You should consider holding your investment on a medium to long-term basis, for a minimum of five years but preferably ten years or more.

The interest rate on most government securities and bonds is fixed and will not increase in line with inflation.

Capital Risk

In order to achieve the desired rate of income return from the Fund, the income return may be at the expense of capital growth in the value of the Shares.

Market Price Risk

The Company invests principally in fixed interest securities. The value of fixed interest stocks is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual bond or be caused by general market factors (such as interest rates, government policy or the health of the underlying economy) which could affect the entire portfolio.

Interest Rate Risk

The Company aims to receive income from investments. The income received by the Company is not fixed in nature and is derived from the securities held in the portfolio of the Company which may be varied from time to time in accordance with the Company's investment objective and policy.

Liquidity Risk

All of the Company's financial assets are considered by the Manager to be readily realisable in accordance with the market practices of the exchange on which they are traded. On certain occasions this may not be possible such as at times of high volatility or where a stock exchange is closed or has suspended trading. The Manager manages the Company's cash to meet its liabilities. Where investments cannot be realised in time to meet any redemptions of Shares, the Company can borrow up to 10% of its value to ensure settlement of its liabilities.

Leverage Risk

Whilst there is no intention to use borrowings for the purpose of gearing, the greater the total borrowings of the Company relative to its investments in securities, the greater will be its risk of loss and possibility of gain due to market fluctuations in the values of its investments.

Derivatives

Derivatives will only be used with the aim of reducing risk where they accord with existing investment objectives and policy. They may not be used independently of investment strategy in respect of the underlying physical assets or for merely speculative purposes.

Derivatives will only be used for efficient portfolio management.

Derivatives may not be used for the purpose of gearing or leveraging or for purposes of producing, enhancing or generating income.

No derivative can be traded on an over the counter basis. No uncovered positions, where any liability is not matched by corresponding physical assets, are allowed.

Stocklending

The Directors have considered the risks associated with stocklending and have agreed that any such risks would be mitigated by entering into an arrangement only with a suitably experienced partner, lending only to approved counterparties and ensuring that the counterparty deposited collateral of a readily realisable nature and of sufficient value to cover the cost of the security being lent.

The Directors also propose that no such arrangement would be initiated unless the Company was in a position to derive sufficient benefit as to outweigh any potential costs and risks associated with the programme.

Counterparty Risk

Certain transactions that the Company enters into expose it to the risk that the counter party will not deliver the investment (purchase) or cash (sale) after the Company has fulfilled its responsibilities.

It is the policy of the Manager to buy and sell investments only through approved brokers.

Other Risks

Our charges may have to rise in the future which could affect the value of your investment.

The tax levels and reliefs are those applicable as at May 2014 and may change. The value of any tax advantage will depend on your individual circumstances. The taxation basis of the Company may change, with retrospective effect.

Investors should be aware that all or most of the protections afforded by the United Kingdom regulatory system do not apply.

Contracting Parties

The Manager

The Manager is a company incorporated in Jersey on 10 July 1973 with limited liability and is subject to the provisions of the Companies Law, and will exist until dissolved by Special Resolution (as defined in the Companies Law). It has an issued share capital of 100,000 shares of £1 each, fully paid. The ultimate holding company of the Manager is Lloyds Banking Group plc, a company incorporated in Scotland.

The Company has entered into a management agreement (see page 25) with Lloyds Investment Fund Managers Limited which is also the Manager of Lloyds Investment Funds Limited, Lloydstrust Gilt Fund Limited, Lloyds Money Fund Limited and Lloyds Multi Strategy Fund Limited which are recognized funds under the Order.

The Manager is the holder of a permit under Article 7 of the Collective Investment Funds (Jersey) Law, 1988, as amended.

The Manager maintains an appropriate level of “own funds” in order to cover the equivalent professional liability risks set out in AIFMD.

Responsibilities of the Manager

Under the management agreement the Manager is responsible for the investment management and administration of the Company.

The Manager has appointed another group company, Lloyds Corporate Services (Jersey) Limited to perform the functions of company secretary. The statutory records of the Company are maintained at the offices of the Company Secretary (see page 3).

The Investment Manager

The Manager has appointed Aberdeen Asset Investments Limited as the investment manager (the “Investment Manager”) under the terms of an investment management agreement (see page 25). The Investment Manager is an “authorised person” for the purposes of the Financial Services and Markets Act 2000 and is authorised and regulated by the Financial Conduct Authority (“FCA”) in carrying on regulated activities relevant to the Company as described in this Prospectus.

The Investment Manager is not required to and does not hold a permit under the Collective Investment Funds (Jersey) Law, 1988, as amended.

The Company and the Manager have agreed to the delegation of certain investment management functions from the Manager to the Investment Manager. The powers of the Manager which have been delegated include the power to manage the investment and reinvestment of the Company’s assets subject to the limitations to which the Manager is subject

from time to time. The Investment Manager may sub-delegate its investment duties to other suitably qualified and authorised associates with the agreement of the Company and the Manager. The Manager retains ultimate responsibility for the investment management. The Manager and the Investment Manager have entered into a service agreement setting out certain agreed standards of service in the performance of the Investment Manager’s functions.

The ultimate holding company of the Investment Manager is Aberdeen Asset Management PLC, a company incorporated in Scotland, whose registered address is 10 Queen’s Terrace, Aberdeen, AB10 1YG. As at 31 August 2014, it held funds under management of £331.2 billion. (Source: Aberdeen Asset Management PLC). The principal activity of the Investment Manager is the management of the investment portfolios of certain collective investment funds, unit trusts, offshore funds, pension funds and insurance funds.

The Investment Manager is entitled to a fee for its services which is payable by the Manager out of its own fees. This fee is not paid on a commission basis but is based on the value of the assets under management.

The Custodian

The Company has entered into a custodian agreement with the Manager and the Custodian (the “Custodian Agreement”) (see page 25). The Custodian is a company incorporated in Jersey on 28 April 1956 with limited liability under the Companies Law.

The ultimate holding company of the Custodian is Capita Plc, a company incorporated in England whose registered office is 71 Victoria Street, Westminster, London SW1H 0XA and which is listed on the London Stock Exchange.

The Custodian has an authorised, issued and fully paid up share capital of 53,975 shares divided into 50,000 shares of £1 each issued at par and 3,975 shares of £1 each issued at a price of £1,000.

The principal business activity of the Custodian is that of acting as custodian to collective investment funds. The Custodian is the holder of a permit under Article 7 of the Collective Investment Funds (Jersey) Law, 1988, as amended.

Responsibilities of the Custodian

The duties of the Custodian in respect of the Company, which are set out in full in the Custodian Agreement, include (without limitation):

- taking all necessary steps, including coordinating the execution of documents, to ensure that acquisitions, disposals and loans properly made by the Manager are implemented;

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- taking into its custody or placing under its control all of the property of the Company;
 - collecting any income due to be paid to the Company;
 - verifying the procedures for the creation and cancellation of Shares;
 - preparing the Custodian's annual report to Shareholders; and
 - performing all other duties which the Custodian is required by law to perform.

The Registrar

Responsibilities of the Registrar

The Custodian is ultimately responsible for maintaining the register of Shareholders, but the Company and the Custodian have appointed the Manager under the terms of the management agreement to maintain the register on behalf of the Custodian and perform the duties of registrar to the Company.

Location of the Register

The register of Shareholders in the Company is kept in Jersey and may be inspected, free of charge, at: Lloyds Investment Fund Managers Limited, P.O. Box 311, 11–12 Esplanade, St Helier, Jersey JE4 8ZU.

The Paying Agent

Lloyds Bank International Limited (the "Paying Agent") acts as paying agent for the Company under the terms of a paying agency agreement (the "Paying Agency Agreement") (see page 25).

Responsibilities of the Paying Agent

The Paying Agent is responsible for the remittance of all distributions and proceeds of redemptions to Shareholders. Any fees due to the Paying Agent will be paid by the Manager out of its own fees.

The Paying Agent is in the same group of companies as the Manager. Its principal activity is the provision of financial services to expatriates, Channel Island and Isle of Man residents and international investors, including the processing of inbound and outbound payments.

Dividends and Equalisation Payments

Dividends will be paid out of the income available for distribution. For the quarterly 'A' Class dividends payable are sent by post or other means on or before the 15th day of February, May, August and November to investors who have purchased Shares on or before the last dealing day of the previous December, March, June and September respectively. For the monthly 'B' Class dividends are sent on or before the 25th day of every month to investors who have purchased Shares on or before the last dealing day of the previous month. When the dividend payment date is not a Dealing Day as defined on page 11, it will be paid on the previous Dealing Day.

Dividends will be paid to the Shareholder's account nominated in section 4 of the application form, or sent by post at the risk of the Shareholder. All dividends are paid in sterling.

The Manager cannot accept liability for non-delivery or late delivery of dividends.

The dividend payable on each Class is not to exceed the proportion of available income which the notional shares attributable to that Class bear to the total number of notional shares.

When payable, dividends will be paid out of net income (less expenditure) standing to the credit of the revenue account (including any revenue reserve) of the Company. It is not intended to pay dividends out of any profits or gains arising from the realisation of securities or other assets held for investment, or out of any unrealised surplus arising from a revaluation of such securities or assets or monies in the nature of accretion to capital, except to the extent necessary to enable the Company to pursue a full distribution policy as required by HM Revenue and Customs ("HMRC").

Included in the dealing prices of Shares, and so reflected as a capital sum in those prices, will be an income equalisation amount representing the value of income attributable to the Shares accrued since the last record date for dividends.

The Articles of Association of the Company (the "Articles of Association") permit grouping of Shares for equalisation over a dividend period so that the total of such sums which is included in the dealing price of Shares over that period is averaged and, in the first dividend payment after the purchase of a Share or in the dealing price if it is repurchased before a dividend is declared, there will be included as a capital sum an amount representing the average equalisation.

Any dividend unclaimed after a period of ten years from the date of declaration of such dividend will be forfeited and will revert to the respective Class.

Reinvestment of Dividends

Dividends may be reinvested in further Shares of the same Class by ticking the appropriate box on the application form except where the Shares have been acquired through the Regular Savings Plan, where reinvestment is automatic.

Dividends for reinvestment will be paid to the Manager who will reinvest them in the purchase of Shares on the dividend payment date at the dealing price, plus any applicable dilution levy (as set out on page 12) or such other price as may from time to time be agreed. A statement of reinvestment will be sent to the Shareholder.

The Manager does not levy an initial charge on dividends that are reinvested to purchase further Shares of the same Fund.

The Issue and Redemption, Sale and Repurchase of Shares

Applications for Shares

Applications for Shares may normally be made between the hours of 9am and 5pm on any business day in Jersey (other than Saturdays, Sundays and Bank Holidays and the last business day before Christmas Day) (“Dealing Days”), and should be made on the Company’s application form, a copy of which is contained at the rear of this Prospectus.

The application form, duly completed, should be sent to Lloyds Investment Fund Managers Limited, P.O. Box 311, 11–12 Esplanade, St Helier, Jersey JE4 8ZU. Cheques or electronic transfers must be sent from an account held in the name of one or more of the persons applying for Shares. Applications will not be acknowledged, but contract notes will normally be posted on the next business day following the Dealing Day on which the transaction is effected except in the case of regular savers who save through the Regular Savings Plan (as described below) who will receive a half yearly statement. Share certificates are not issued.

Shares will be sold by the Manager at the prices calculated at the next valuation point (the “Valuation Point”) (see section entitled “Prices and Valuations” on page 13) plus the initial charge and any applicable dilution levy. The Valuation Point is generally 10am on each Dealing Day.

Applications received after the Valuation Point will be held over to the next Dealing Day and Shares will be allotted at the dealing price calculated at that day’s Valuation Point. Instructions received by email are not accepted. The Manager may require cleared funds and may seek to confirm the identity of the applicant(s) and the source of funds being invested before effecting a sale. The Manager may, at its discretion, delay or refuse an application for Shares if it believes such application may involve either the applicant, the Manager or the Company in a contravention of any law, rule or regulation.

The Manager shall not be liable for any loss the applicant may incur as a result of such delays or its refusal to accept an application.

The Manager may satisfy any application for allotment of Shares by selling or procuring the transfer to the applicant of fully-paid Shares of the relevant Class.

Minimum Holdings

No allotment or sale will be made in respect of an application for Shares having a value by reference to their dealing price of less than £5,000 (the “Minimum Holding”) except for deals carried out through the Regular Savings Plan (see below); or where the applicant is already holding Shares of that Class having a value at the time of their allotment equivalent to or in excess of the Minimum Holding, of not less than £500 for either Class, or such other amount as the Company, with the approval of the Custodian, may from time to time determine.

Regular Savings Plan

The minimum investment is £100 per month for each Class selected. Deals carried out through the Regular Savings Plan will be carried out on the last business day of each month.

Investor’s sterling bank accounts will be debited after the 20th of each month by Direct Debit. If an investor is investing in more than one Class, their account will be debited by a separate Direct Debit for each Class, although only one Direct Debit form needs to be completed. Dividends must be reinvested in the purchase of Shares of the same Class.

Shareholders wishing to stop investing through the Regular Savings Plan should inform the Manager in writing as well as cancelling their Direct Debit with the branch which holds the account. The Manager will then stop all further investments. The Shares acquired may be retained at the investor’s option where payments equal to or greater than the Minimum Holding have been made. Otherwise they will be sold by the Manager and the proceeds remitted to the investor.

Redemptions of Shares

The Manager will repurchase Shares on any Dealing Day except where there is a suspension by the Company of redemptions of Shares or of repurchases by the Manager.

Although the Company is under an obligation, subject to the provisions of the Articles of Association and to Jersey law, to redeem at the dealing price (see section entitled “Prices and Valuations” on page 13), the Manager, as principal, will repurchase any Shares for which a request for redemption is received. In such a case the price would not be less than the dealing price subject to any applicable dilution levy (see section entitled “Dilution Levies” on page 12). Shares will be repurchased by the Manager at forward prices.

The Valuation Point is generally 10am on each Dealing Day. Redemption instructions received after the Valuation Point by whatever means will be held over to the next Dealing Day and Shares will be redeemed at the dealing price calculated at that day’s Valuation Point. A redemption request may not be withdrawn except where there is a suspension by the Company of cancellations of Shares or of redemptions of Shares by the Manager.

To realise all or part of a holding, a Shareholder to whom a certificate has been issued should complete and sign the form on the back of each share certificate and send the certificate to the Manager. In the case of joint Shareholders, all joint holders should sign the form. Shareholders to whom no certificate has been issued may instruct the Manager to repurchase Shares by telephone or fax where the Shareholders have previously provided details of a Nominated Bank Account (see section 4 of the application form). In any other circumstances, redemption instructions will need to be in writing, signed by all parties to the

account. Instructions received by email are not accepted. The Manager may, in certain circumstances, seek to confirm the validity of such instructions by contacting the Shareholder.

Any amount payable to a Shareholder in connection with requests for redemption will normally be paid on the due settlement date to the bank account nominated in section 4 of the application form. If this is not practical or no Nominated Bank Account details have been given, redemption proceeds will be paid by cheque at the risk of the Shareholder.

The due settlement date will be not later than the close of business on the fourth business day following the later of the date of the next Valuation Point occurring after receipt by the Manager of the request to redeem the Shares and the date of receipt by the Manager of all necessary documentation for the shares to be redeemed. Payments will only be made to, or for the account of, the registered Shareholder(s). Any charges in respect of effecting transfers are deductible from repurchase proceeds. The Manager may, at its discretion, delay or refuse payment if it believes such payment may not be practicable or might involve either the Shareholder, the Manager or the Company in a contravention of any law, rule or regulation. The Manager shall not be liable for any loss the Shareholder may incur as a result of such delays.

There is no minimum number of Shares, or minimum value of Shares, which may be redeemed in any one transaction, unless the redemption of part only of the holding of Shares would, if carried out, leave the applicant holding less than the Minimum Holding.

Large Deals

Where a redemption accounts for more than 5% of the value of the Company (a "Large Deal"), the Manager is entitled to offer the requisite proportion of the Company's net assets in settlement. In such circumstances, the holder of Shares may serve a notice on the Manager requiring the Manager to arrange for the sale of such net assets and the payment of the net proceeds.

Other than as described in the preceding paragraph and the application of any applicable dilution levy the Manager does not levy any charges for redemptions of Shares.

As Shares are priced on a single pricing basis the costs associated with realising assets to meet a large redemption can lead to a dilution of the value for the remaining Shareholders. The Order provides that where a fund calculates prices on a single pricing basis, a dilution levy can be applied to the redemption proceeds. Details of the Company's policy on the application of dilution levies to Large Deals are set out opposite.

Dilution Levies

A dilution levy is a mechanism to protect existing Shareholders' and potential Shareholders' interests. High levels of buying and selling by investors in Shares may lead to an increase in the underlying dealing costs borne by the Fund. The effect of this is that the value of the Fund may be reduced (or diluted). In order to prevent this dilution effect, the Manager has the discretion to charge a dilution levy on the creation, sale, redemption or repurchase of Shares (including conversions between different Classes of share). When charged, the dilution levy will be paid into the Fund in order to mitigate the effect of the dilution. When applied the dilution levy will be added to the purchase cost or deducted from the redemption proceeds, as appropriate.

For example the Manager may impose a dilution levy on a Fund in circumstances where:

- a Fund experiences large levels of net purchases (i.e. purchases less redemptions) relative to its size;
- a Fund experiences large levels of net redemptions (i.e. redemptions less purchases) relative to its size;
- the Manager believes that the imposition of a dilution levy is required to safeguard the interests of Shareholders and potential Shareholders.

For these purposes the term "large levels" of net purchases or net redemptions occurs when the net dealing position would create a dilution levy of more than 1 basis point of the NAV of a Fund or £5,000, whichever is the lower.

The Manager is also entitled to impose a dilution levy on a Large Deal.

As dilution is directly related to the inflows and outflows of monies from the Fund it is not possible to predict accurately whether dilution will occur at any future point in time. In deciding whether to impose a dilution levy the Manager will consider a number of factors including the size of the transaction relative to the overall value of the Fund, the level of transaction costs within that particular market, the liquidity of the underlying investments within the Fund, the amount of investments to be bought/sold and the likely time that this will take, the likelihood of an adverse impact on the value of investments as a result of the accelerated rate of disposal/acquisition and the length of time for which the Shares in question were held.

On the occasions when a dilution levy is not applied there may be an adverse impact on the total assets of the Fund, as the Fund will have to meet the costs of dealing in the underlying assets.

The dilution levy for each Fund may vary over time because the dilution levy for each Fund will be calculated by reference to the costs of dealing in the underlying investments of that Fund, including any dealing spreads, and these can vary with market conditions. A typical dilution levy for a Fund may range from 0.01% to 1% of a Fund's share price.

Transfers

The Company may decline to register a transfer of shares in certain circumstances where:

- such transfer would be in breach of the Minimum Holding restrictions (see page 11).
- the instrument of transfer has not been accompanied by such other evidence as the Manager may reasonably require to show the right of the transferor to make the transfer.
- any transfer would result in the names of more than four Shareholders being jointly registered.
- the instrument of transfer relates to more than one class of Shares.

Prices and Valuations

Issues and redemptions of Shares may only be effected on Dealing Days. Shares may be issued and redeemed only pursuant to creation and cancellation applications made by the Manager to the Custodian within two hours of the Valuation Point. For the purpose of determining dealing prices applicable on Dealing Days, the assets of the Company will generally be valued on a mid market basis as at the Valuation Point.

The Company maintains a valuation policy that complies with AIFMD and the Order, which provides for a proper and independent valuation of the Scheme Property and a determination of the Share price. The Company ensures that the valuation task is functionally independent from the portfolio management oversight of the Manager, that its remuneration policy and other measures mitigate conflicts of interest and that undue influence upon the employees involved is prevented.

The price of each Share of any Class will be calculated by reference to the proportion of the Net Asset Value of the Fund attributable to a Share of that Class by:

- taking the proportion of the Net Asset Value of the relevant Fund attributable to the Shares of the Class concerned at the Valuation Point of that Fund; and
- dividing the result by the number of Shares of the relevant Class in issue immediately before the Valuation Point concerned.

In liaison with the Investment Manager, the Manager has adopted a policy for valuing any illiquid assets which may be held within the Fund's portfolio. Exposure to such assets (if any) will be disclosed in the periodic reports and accounts.

The Order contains detailed provisions for calculating the value of the property of each Fund by categories of assets and liabilities. Reference should be made to the Order for a detailed understanding of such provisions.

The dealing prices per Share of each Fund are determined in accordance with the Order.

The Manager may not sell or repurchase Shares at a price which is higher than the dealing price plus the initial charge plus any applicable dilution levy (in the case of a sale) or lower than the dealing price less any applicable dilution levy (in the case of a repurchase). The Manager is not under an obligation to account to the Company or the Shareholders for any profits made by the Manager from the sale, repurchase or exchange of Shares.

The dealing prices shall be calculated to at least four significant figures.

The dealing price last notified to the Custodian is available on request from the Manager.

Publication of Prices

Dealing prices of Shares are published periodically in appropriate newspapers. Prices quoted in this way will be the prices calculated on the previous Dealing Day and will not therefore be the prices at which transactions will be effected on the day such prices are published. The date at which the prices were calculated will be included in the publication.

Please note that the Manager cannot accept responsibility for the accuracy of the information published in newspapers.

Prices are also published and updated daily on the website international.lloydsbank.com/international-investments/funds/prices

Suspensions

On receipt of a creation or cancellation application from the Manager, the Company or the Custodian may give notice to the Manager refusing to create or cancel Shares or to consent thereto respectively if in the case of the Company, the Directors are, or if in the case of the Custodian, the Custodian is of the opinion that it is not in the interests of participants for the Shares the subject of the notice to be issued or redeemed.

The Manager may with the prior agreement of the Custodian and the Directors, or shall if the Custodian or the Directors of the Company with the prior agreement of the Custodian so requires or require, at any time for a period not exceeding 28 days suspend the sale and repurchase of Shares if:

- a. the Manager is of the opinion that there is good and sufficient reason to do so having regard to the interests of the Shareholders of that Fund; or
- b. the Custodian is, or the Directors of the Company are, of that opinion in the case of any requirement by it or them.

The circumstances under which a suspension of dealing may occur include, for example, those where the Manager cannot reasonably ascertain the value of assets or realise the assets of the Fund, or the closure or suspension of dealing on a relevant stock exchange.

The first sale and repurchase of Shares following such period of suspension shall take place on the first Dealing Day following the end of such period at prices calculated by reference to the next Valuation Point.

Qualified Shareholders

The Company has the power to require any Shareholder who holds Shares in breach of any law or requirement of any country or governmental authority or who is disqualified from holding Shares so as to cause the Company or any Shareholder a financial or tax disadvantage to transfer such Shares, failing which the Company may compulsorily redeem such Shares and pay the proceeds thereof to such Shareholder.

Death of an Investor

Sole investors should be aware that upon their death the executors of their estate will, in certain circumstances, be required to take out a Grant of Probate or Letters of Administration in Jersey in order for the investment to be released. Other than personal application by the appointed executor/administrator, they may only be obtained through a Jersey advocate or solicitor or an authorised Jersey trust company which will be at a charge.

The Manager may, at its absolute discretion, waive the requirement for Jersey Grant of Probate or Letters of Administration on receipt of satisfactory documentary or other information as to entitlement and security where:

- the Shareholder dies domiciled in the United Kingdom, Guernsey, Isle of Man or other such country as the Manager may decide from time to time; and
- the aggregate value of the deceased's Jersey Estate held by the Company does not exceed £10,000 (or other amount prescribed from time to time); and
- the release of the asset is to the person who would be entitled to receive such asset under a will or intestacy. The Manager may require an indemnity from the receiving party for such payment to be made.

Stamp Duty is levied according to the size of the Jersey Estate where:

- the estate does not exceed £10,000 in value, no sum would be payable;
- the estate does not exceed £100,000 in value, the sum currently payable would be £50 per £10,000 or part thereof;
- the estate is above £100,000 in value, the sum currently payable would be £500 for the first £100,000 and thereafter £75 per £10,000 or part thereof.

The maximum Stamp Duty payable is £100,000.

Joint Holdings

In the case of joint shareholdings, instructions signed by all of the Shareholders will be required before the Manager may issue repayment to any bank account (which must be in the name of one or more of the shareholders) other than that nominated on the application form and likewise signed authority of all Shareholders will be required before any changes in registration details are effected.

On the death of a joint Shareholder, the shareholding will pass to the remaining joint Shareholder(s) on production of the necessary documentation.

Exchange of Participating Shares

Shareholders may on application to the Manager on any Dealing Day exchange Shares of one Class by reference to their dealing price less any applicable dilution levy for those of another Class by reference to their dealing price plus any applicable dilution levy and excluding any initial charge. Exchanges are subject to the Minimum Holding restrictions (see page 11).

An application for an exchange must be for Shares having a minimum value of £100 and the resultant Shareholdings must meet the Minimum Holding requirements for the respective Classes.

In some jurisdictions, including the United Kingdom, an exchange of Shares of one Class for Shares of another Class may be a disposal of Shares of the original Class for the purposes of taxation.

In no circumstances will a Shareholder who exchanges or applies to exchange Shares of one Class for Shares of another Class be given a right by law to withdraw from or cancel the transaction except where there is a suspension of sale or repurchase of Shares of the relevant Classes.

Fees and Charges

The Manager currently levies an initial charge of up to 3.5% of the amount available for investment. The initial charge may be increased to an amount not exceeding 5% of the dealing price but the Manager has undertaken to give Shareholders at least 90 days' notice of any increase.

The initial charge is payable by the Shareholder and is in addition to the cost of the Shares. The initial charge is also payable to the Manager for deals carried out under the Regular Savings Plan.

The Manager is entitled to receive a fee (the Annual Management Charge) for its services (accrued daily and paid monthly) equal to an annual rate of 0.85% of the mid market value of the net assets of the Fund.

The Directors of the Company and the Manager may agree a higher fee subject to a maximum annual rate of 1% on the mid market value of the net assets of the Fund. If such a higher fee is agreed, Shareholders will be given at least 90 days' written notice before it comes into effect.

The Custodian is entitled to:

- a. an annual fee payable monthly by the Company, calculated on the following scale by reference to the net asset value on a mid market basis subject to a minimum fee of £25,000:

Net Asset Value of the Company	Annual Fee
(1) Up to £100 million	0.04%
(2) In excess of £100 million and up to £150 million	£40,000
(3) In excess of £150 million and up to £200 million	£50,000
(4) In excess of £200 million and up to £250 million	£60,000
(5) In excess of £250 million and up to £300 million	£67,000
(6) In excess of £300 million and up to £350 million	£74,000
(7) In excess of £350 million and up to £400 million	£80,000
(8) Thereafter a further £5,000 for every additional £50 million increase in the net asset value of the Company.	

The Company and the Custodian may agree a higher fee subject to a maximum rate of 0.04% of the value of the property of the Company, such maximum to be determined in the same manner as the maximum fee payable to the Manager and Shareholders will be given 90 days' notice before any increase becomes effective. No notice need be given of any reduction in fee.

- b. transaction charges at such rates as shall be agreed with the Manager from time to time.
- c. reimbursement by the Company of its expenses in connection with its duties as Custodian.

In consideration of its performance of the functions of Registrar, the Company has agreed that the Manager may charge a fee payable by the Company of £12.00 each annual and half yearly accounting period for each shareholding which appears on the Register on the last business day of each annual and half yearly accounting period and for each holding for which nominee shareholder facilities are provided on the last business day of each annual and half yearly accounting period. The Manager and the Company may agree a higher fee.

As Registrar the Manager is entitled to reimbursement of certain out-of-pocket expenses.

The Directors of the Company are entitled to such remuneration which shall be payable by the Company as may be voted to them by the Company in General Meeting. Executive Directors do not currently receive any remuneration. In the case of Non-Executive Directors, it is proposed that this amount should be £5,000 per annum.

The Company may also pay the Directors and any alternate Directors all the travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company.

The Company may, in addition to such remuneration, grant special remuneration to any Director who, being called upon, shall perform any special or extra services to or at the request of the Company. Such special remuneration shall be payable by the Company in such amounts as the Directors may determine from time to time.

In addition to the fees and expenses of the Manager and the Custodian, the Company is also responsible for other expenses incurred in its operation.

Each Fund is charged with costs and expenses specifically attributable to it. These costs and expenses include but are not limited to:

- costs of dealing in the property of the Company;
- interest on permitted borrowings and charges incurred in effecting or varying the terms of such borrowings;
- any costs incurred in respect of meetings of Shareholders convened on a requisition by Shareholders;
- any periodic charge payable to the Manager;
- any costs incurred in respect of the establishment and maintenance of the register;
- audit fees and any expenses of the auditor;
- costs incurred in respect of the distribution of income to Shareholders;

- costs reasonably incurred in respect of the publication of Share prices and in the publication and distribution of this Prospectus, Annual and Interim Report and Accounts;
 - legal and professional fees reasonably incurred in ascertaining the rights of Shareholders other than the Manager or an associate of the Manager;
 - costs and expenses in respect of the formation of the Company, and for obtaining a listing for Shares on the occasion of the initial offer amortised over a period not exceeding 10 years as stated in the Prospectus;
 - costs and expenses in respect of obtaining a listing for Shares in a Fund on a stock exchange on an occasion other than that of the initial offer, if agreed by Shareholders;
 - taxation and duties payable in respect of the property of the Company or the sale of Shares;
 - any costs incurred in modifying the Articles of Association, the Management and Custodian Agreements including costs incurred in respect of meetings convened for these purposes, which includes modifying the Articles, where the modification is:
 - i. necessary to implement a change in the law (including changes to the Order), or
 - ii. necessary as a direct consequence of any change in the law (including changes to the Order), or
 - iii. expedient having regard to any change in the law made by or under any fiscal enactment and which the Directors and the Custodian agree is in the interests of Shareholders, or
 - iv. to remove obsolete provisions from the Articles;
 - the fees of the Custodian;
 - expenses or disbursements of the Custodian to which it is entitled under the Custodian Agreement which include, but are not limited to:
 - i. the fees, expenses and disbursements of any agent, legal or accountancy adviser, valuer, broker or other professional person;
 - ii. all stamp duty and other taxes or duties; all fees, expenses and disbursements incurred in relation to the safe custody, insurance, acquisition, holding or realisation or other dealing with the property of the Company;
 - iii. all expenses incurred in the collection and distribution of income;
 - iv. all other expenses and disbursements including telex, facsimile, and long distance telephone calls;
 - v. all such charges, expenses and disbursements as it is entitled to charge under the general law;
 - costs incurred by the Company in making its annual return and in complying with other statutory requirements imposed on the Company;
 - Directors' fees and expenses;
 - fees chargeable to the Company by the Commission and by any other regulatory authority in any jurisdiction in which Shares are marketed but excluding any such fees payable in respect of the Manager and Custodian;
 - any safe custody charges reasonably incurred by the Custodian where the property of the Company is deposited outside Jersey;
 - the remuneration and expenses of any representative appointed in another jurisdiction in compliance with the laws or other requirements of that jurisdiction;
 - any amount payable under any indemnity provisions contained in the Articles or any agreement with a functionary other than provisions indemnifying the functionary from claims arising from its failure to exercise due care and diligence;
 - legal and other professional fees incurred in any proceedings instituted or defended in accordance with written legal advice to enforce, protect, safeguard, defend or recover the rights or property of the Company.
- All charges and expenses are charged to income.
- Shareholders should note that the application of charges and expenses to income may reduce income distributions to Shareholders.
- Shareholders are advised of the possibility that there may be other costs or taxes imposed by third parties in connection with this product in addition to those described in this document. However, at the date of this document, the Directors are not aware of any such costs.
- Costs and expenses not attributable to a particular Class are allocated between Classes by the Directors after consulting the Custodian on a basis approved by the auditors, normally pro rata to the respective net asset value of each Class.
- The Manager may, where regulations permit and at its discretion, pay a commission to any authorised agent or intermediary who introduces investors to purchase shares. Such introductory commission will be paid by the Manager and will not be borne by the Company.

Taxation

General

The taxation of income and capital gains of the Company and Shareholders is subject to the fiscal law and practice of Jersey, the jurisdictions in which the Company invests and the jurisdictions in which Shareholders are resident or otherwise subject to tax.

The following summary of the anticipated tax treatment in Jersey which is not intended to be comprehensive, does not constitute legal or tax advice and applies only to persons resident in Jersey holding Shares as an investment.

The following summary of the anticipated tax treatment in the United Kingdom, which is not intended to be comprehensive, does not constitute legal or tax advice and applies only to persons resident and (in the case of individuals) domiciled investors in the United Kingdom holding Shares as an investment as the absolute beneficial owners thereof (“UK Investors”). It assumes that the provisions contained within the Finance (No. 2) Bill 2014 will be enacted without amendment.

Prospective investors should consult their own professional advisers on the implications of making an investment in, holding, exchanging or disposing of Shares and the receipt of distributions (whether or not on reinvestment and/or repurchase) with respect to such Shares under the laws of the jurisdiction in which they are liable to taxation.

These summaries are based on the taxation law and practice in force in Jersey and the United Kingdom at the date of this Prospectus.

Prospective investors should be aware that the relevant fiscal rules and practice or their interpretation, as well as the levels and bases of any reliefs from taxation, may change, possibly with retrospective effect. The following tax summary is not a guarantee to any investor of the tax results of investing in the Company.

Dividends, interest and other income as well as capital gains received by the Company may be subject to withholding or similar taxes imposed by the country in which such dividends, interest, other income or capital gains originate (although this is not expected to occur to any major extent). The Company will not normally be eligible to benefit from any treaties for the relief of double taxation.

It is the responsibility of the Shareholder to account to the relevant tax authority for any tax due on any sums received or deemed to be received.

Jersey Tax Considerations

The Company

The Company is liable to be charged to tax at a rate of 0% under Schedule D under the Income Tax (Jersey) Law 1961, as amended (the “Income Tax Law”) in respect of (i) the income or profits of any trade carried on by the Company in Jersey or elsewhere, (ii) any interest of money, whether yearly or otherwise, or other annual payment paid to the Company, whether such payment is made within or out of Jersey, (iii) dividends and other distributions of a company regarded as resident in Jersey paid to the Company, (iv) income arising to the Company from securities out of Jersey and (v) any other income of the Company that is not derived from the ownership or disposal of land in Jersey. It is not expected that the Company will be in receipt of income charged to tax under any Schedule under the Income Tax Law other than Schedule D.

Shareholders

Dividends, which may be subject to tax in the hands of the investor, are currently paid gross. No deductions are made by way of Jersey withholding tax on repurchase of Shares.

Jersey does not levy taxes upon capital, inheritance, capital gains or gifts.

The attention of Shareholders resident in Jersey is drawn to the anti-avoidance provisions of Article 134A of the Income Tax Law, which may be invoked in certain circumstances.

Other than in the circumstances described in the section “Death of an Investor” on page 15, no Stamp Duty is levied in Jersey on the inter vivos transfer or repurchase of Shares.

Information Exchange

Jersey has entered into a number of information exchange agreements with the authorities of other jurisdictions. These include requirements set out under The European Union Savings Tax Directive (EUSD), Foreign Account Tax Compliance Act (FATCA) in the United States of America and UK Crown Dependencies Inter Governmental Agreements.

Shareholders should be aware that information on their investment may be shared with the relevant authorities, and may be passed to the tax authorities in their country of residence, citizenship or residence for tax purposes. For the avoidance of doubt this information may include (but not be limited to) details of shareholder names, addresses, unique identifiers (such as tax or national insurance numbers), amount of investment, redemption or sale proceeds and dividend payments.

United Kingdom Tax Considerations

The Company

The Directors intend to conduct the affairs of the Company in such a manner as to minimise, as far as they consider reasonably practicable, taxation suffered by the Company. In particular, the Directors intend to conduct the affairs of the Company so that it does not become resident in the United Kingdom for taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom (whether or not through a permanent establishment situated therein), the Company will not be subject to United Kingdom income tax or corporation tax other than on United Kingdom source income.

Dividends, interest and other income as well as capital gains received by the Company may be subject to withholding or similar taxes imposed by the country in which such dividends, interest, other income or capital gains originate. The Company will not normally be eligible to benefit from any treaties for the relief of double taxation.

Shareholders

Capital Gains

Application of the Offshore Funds Rules

Since the Company provides arrangements for the separate pooling of the contributions of investors to the Company and the profits or income out of which payments are made to investors in the Company, the Company is an umbrella fund for United Kingdom tax purposes. The United Kingdom offshore funds rules therefore apply in relation to each Class within the umbrella fund as if each such Class formed a separate offshore fund for United Kingdom tax purposes.

Reporting Funds

This Fund has been approved by HMRC as a "Reporting Fund" for the purposes of the United Kingdom offshore funds rules.

Reporting Fund status will apply in relation to the Fund for each period of account of the Company provided the Company continues to comply with the applicable rules in relation to the Fund and does not elect for the Fund to become a Non-Reporting Fund.

For so long as Reporting Fund status is maintained, any profit on a disposal of Shares of the Fund (for example, by way of transfer or redemption including switching between Funds) by a UK Investor should fall to be taxed as a capital gain (subject to the rules outlined below for corporate investors in Bond Funds).

If Reporting Fund status is not maintained in respect of the Fund for any accounting period, any gain arising on a disposal of Shares in that Fund (for example, by way of transfer or redemption including switching between Funds) will constitute income for all purposes of United Kingdom taxation.

Equalisation

The Company will operate full equalisation arrangements in relation to the Fund and, therefore, if Shares are acquired by a UK Investor otherwise than at the beginning of a period over which distributions are calculated, this will give rise to an "Equalisation Amount" equal to the part of the subscription or acquisition price representing undistributed income of the Company accrued in the period of account up to the time of subscription or acquisition. This Equalisation Amount will (a) reduce the amount of any excess of reported income over the distributions made by the Company to the UK Investor in the reporting period and, to the extent the equalisation amount has not been fully used in so doing, (b) be deemed to reduce the amount of any actual distributions to the UK Investor in respect of the reporting period (but in each case not below nil). On a subsequent disposal of the Shares the amount of any deemed reduction in the actual distributions to the UK Investor pursuant to the provision described in (b) above, must be deducted from the original purchase cost of the Shares. The Company will provide information on the Equalisation Amount per Share in a letter to investors.

Annual Exempt Amount

United Kingdom resident individual Shareholders may benefit from an annual exemption of £11,000 for 2014-2015 when computing their liability to capital gains tax on a disposal of Shares in a Reporting Fund.

Income

According to their personal circumstances, and subject to the points set out below, UK Investors will be liable to income tax or corporation tax in respect of dividends or other income distributions (if any) of the Company (whether or not actually distributed to the UK Investors, or reinvested in further Shares, and including (for the avoidance of doubt) undistributed reported income under the Reporting Fund regime).

UK Investors within the charge to United Kingdom corporation tax and holding their Shares as an investment will generally be exempt from corporation tax in respect of their dividends from the Company (whether or not reinvested) unless the "Bond Fund" rules (referred to below) or other anti-avoidance rules apply.

United Kingdom resident individual Shareholders who are liable to income tax at only the basic rate will be charged income tax on dividends (whether or not reinvested) at the rate of 10%. In the case of United Kingdom resident individual Shareholders who are liable to income tax at the higher rate, income tax will be charged on dividends at the rate of 32.5%. For United Kingdom resident individual Shareholders who are liable to income tax at the additional rate, income tax will be charged on dividends at the rate of 37.5%.

UK Investors within the charge to income tax may in certain circumstances be entitled to a non-payable tax credit which may be set off against their total income tax liability on the dividends or other income distributions. Where applicable, the tax credit is equal to 10% of the aggregate of the distribution and the tax credit, or one-ninth of the distribution received.

For UK Investors within the charge to income tax, all distributions from a “Bond Fund” (as defined below), will be taxed as interest and will not carry a non-payable tax credit.

Bond Funds

Under the rules for the taxation of loan relationships contained in the Corporation Tax Act 2009, a Fund will be a “Bond Fund” if such a Fund has invested more than 60% by market value of its investments in any of (a) money placed at interest (other than cash awaiting investment); (b) securities (other than shares in a company); (c) shares in a building society; (d) holdings in certain funds with, broadly, more than 60% of their investments in any of (a) to (c) above, any funds which themselves are Bond Funds, and (e) to (h) below; (e) alternative finance arrangements; (f) derivative contracts in respect of currency or any of the matters listed in (a) to (e) above; (g) contracts for differences relating to interest rates, creditworthiness or currency; and (h) derivative contracts where there is a hedging relationship between the derivative contract and an asset within (a) to (d) above. UK Investors within the charge to corporation tax investing in a Bond Fund will be subject to tax as income on all profits and gains arising from and fluctuations in the value of the shares (calculated at the end of each accounting period of the investor and at the date of disposal), in accordance with fair value accounting. These rules will apply to such UK Investors if the 60% limit is exceeded at any time during the investor’s accounting period, even if it was not holding shares in that Fund at that time.

It is anticipated that this Fund will be a Bond Fund.

Prospective investors should be aware that HMRC is currently conducting a consultation on the possible reform of the rules governing the taxation of corporate debt (including the “Bond Fund” rules referred to above), with a view to including legislation in Finance Act 2015.

Specific Types of Investor

Special rules apply to UK Investors that are life insurance companies, pension schemes, investment trusts, authorised unit trusts and open ended investment companies in the United Kingdom.

Anti-Avoidance

Transfer of Assets Abroad

The attention of individuals resident in the United Kingdom is drawn to the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007. These provisions are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad, and may, subject to certain exemptions, render them liable to taxation in respect of undistributed income and profits of the Company on an annual basis. These provisions also apply to individuals resident in the United Kingdom but domiciled outside the United Kingdom, unless they are claiming assessment to United Kingdom income tax on the remittance basis of taxation, to the extent that such undistributed income or profits are not United Kingdom source income or profits.

Controlled Foreign Company Rules

The Taxation (International and Other Provisions) Act 2010 contains provisions which subject certain United Kingdom resident companies to tax on profits of companies not so resident in which they have an interest. The provisions affect United Kingdom resident companies which are deemed to be interested (whether directly or indirectly) in at least 25% of the profits of a non-resident company which is controlled by residents of the United Kingdom and is resident in a low tax jurisdiction. The legislation is not directed towards the taxation of capital gains.

Attribution of Gains of Non-Resident Companies

The attention of UK Investors resident in the United Kingdom (and who, if individuals, are also domiciled in the United Kingdom) is drawn to provisions of the Taxation of Chargeable Gains Act 1992 which could be material to such a person who, whether alone or together with certain connected persons, holds 25% or more of the shares if, at the same time, the Company is controlled in such a manner as to render it a company that would, were it to be resident in the United Kingdom, be a close company for United Kingdom tax purposes. If applicable, these provisions could result in such a UK Investor being treated for the purposes of United Kingdom taxation as if a proportionate part of any gain accruing to the Company had accrued to that person at the time when the chargeable gain accrued to the Company. It is anticipated that the shareholdings in the Company will be such that the Company would not be a close company if resident in the United Kingdom.

Reports and Accounts

The Company's annual accounting date is the last Dealing Day of September. The interim accounting date is the last Dealing Day of March.

The Report and Accounts relating to the Company will be published within four months of the annual accounting date and within two months of the interim accounting date. These will be sent to shareholders together with statements of the value of their holdings.

The Custodian is required by the Order to report to the Shareholders annually on the conduct of the Directors of the Company and the Manager in the management of the Company in each annual accounting period.

Copies of the latest Annual Report and Accounts (if any) and any subsequent Interim Report and Accounts are available from the Manager free of charge.

Meetings

Annual General Meetings of the Company will be held in Jersey within six months of the end of each annual accounting period.

The Directors are required to convene an Extraordinary General Meeting of the Company whenever required to do so by Shareholders representing at least one-tenth of the Shares in issue, provided the requisition is signed by such Shareholders, is dated, and states the matter or matters to be submitted for consideration at the meeting.

At General Meetings of the Company, any member present in person (in the case of a company, its authorised representative) or by proxy may demand a poll.

Votes

Shareholders of each Class are entitled to receive notice of general meetings and to attend and vote thereat. The Manager and other connected parties are not entitled to vote at meetings of Shareholders, other than in their capacity as Shareholders. Each Shareholder is entitled on a show of hands to one vote, and on a poll to one vote for each Share held.

Shareholders may appoint another person to be their proxy to attend and vote on their behalf.

The Constitution of the Company

The Company was incorporated on 6 October 1978 with registered number 15516. The name of the Company was changed from TSB Gilt Fund Limited to Lloyds TSB Offshore Gilt Fund Limited on 29 December 1997 and, subsequently, to Lloyds Gilt Fund Limited on 23 September 2013. Its constitution is defined in the Memorandum and Articles of Association. It will exist until dissolved by Special Resolution of its Shareholders, but all Shares if not previously redeemed will be redeemed by the Company on 30 September 2078, or if that date is not a Dealing Day as defined in the Articles of Association, on the next following Dealing Day.

Capital Structure

The authorised share capital of the Company is £7,500,000 divided into 1,000 Management Shares of £1 each and 749,900,000 unclassified shares of 1p each. The unclassified shares may be issued as Shares or Nominal Shares. The Shares may be issued as “A” Shares (Quarterly Class) or “B” Shares (Monthly Class).

As the Company is open-ended, the issued capital of the Company will fluctuate in accordance with the volume of Share purchases and redemptions.

Founders Shares

Management Shares are necessary to satisfy the requirements of the Companies Law that there should be a class of non-redeemable shares in issue in order that the Shares may be redeemable. The Manager has subscribed for and been allotted all the Management Shares. The proceeds of subscription are employed in a Management Fund and the income of the Management Fund is paid to the Manager as a corporate fee.

The profit or loss on the realisation of any holdings purchased with the Management Fund is credited or debited (as appropriate) to a Management Reserve Account. The Management Shares on a poll carry one vote for each share held but do not carry any right to dividends.

Shares

The “A” Shares and the “B” Shares rank equally in all respects except that their entitlements to dividends and their respective interests in the net assets of the Company attributable to the holders of Shares for the purpose of establishing their dealing prices and rights on a winding up are determined by reference to a notional (but not vested) unit of participation (a “notional share”).

The notional shares of each Class are ascertained as follows. Each “B” Share issued always represents one notional share. The number (which may include a fraction) of notional shares attributable to each “A” Share varies. Until the first dividend on “B” Shares is declared there is one notional share attributable to each “A” Share. As from the date by reference to which a

dividend is declared on the “B” Shares but not on the “A” Shares the number of notional shares represented by each “A” Share in issue or deemed to be in issue is increased to such an extent that the dealing prices of the “A” Share remain unchanged. When a dividend is declared on the “A” Shares the number of notional shares represented by each “A” Share is reduced to reflect the dividend due to be paid.

A dividend is paid quarterly out of the profits available for distribution on the “A” Shares and a dividend is paid monthly on the “B” Shares.

Each Shareholder is entitled, on a poll, to one vote for each Share held.

The dividend payable on each Class is not to exceed the proportion of the available profits which the notional shares attributable to the Class bear to the total number of notional shares.

If at any time the value of the net assets of the Company on a mid market basis shall, on each Dealing Day within a period of four consecutive weeks, be less than £5,000,000 the Company may by not less than three weeks notice to Shareholders given within eight weeks of the expiry of the four week period, redeem all the Shares then in issue at the relevant dealing price.

With the sanction of a Special Resolution, as defined in the Companies (Jersey) Law 1991, of the Shareholders of any Class, the Company may, by not less than four nor more than six weeks’ notice (expiring on a Dealing Day) given to all Shareholders of that Class, redeem at the dealing price on such Dealing Day, all (but not some) of the Shares of that Class.

If all the Shares of any Class are to be redeemed in accordance with either of the above provisions, the Directors may with the sanction of a Special Resolution of the Shareholders of that Class, divide amongst the said Shareholders in specie all or any part of the assets of the Company.

If all the Shares of any Class are to be redeemed as aforesaid and the whole or any part of the business or property of the Company attributable to the relevant Class or any of the assets of Company are proposed to be transferred or sold to another company (hereinafter called the “Transferee”), the Directors of the Company may, with the sanction of a Special Resolution of the Shareholders of that Class conferring either a general authority on the Directors or an authority in respect of any particular arrangement, receive in compensation or part compensation for the transfer or sale, shares, units, policies or other like interests or property in or of the Transferee for distribution among the said Shareholders, or may in lieu of receiving cash or property or in addition thereto participate in the profits of or receive any other benefit from the Transferee.

Nominal Shares

The Nominal Shares are non-participating redeemable second preference shares. They can only be issued at par and only for the purpose of providing funds for the redemption of the nominal amount of Shares. They will only be issued to the Manager. They carry no right to dividends. Each holder of Nominal Shares is entitled, on a poll, to one vote irrespective of the number of shares held.

The Manager is obliged to subscribe for Nominal Shares for cash at par when Shares are redeemed, unless the Directors decide that the nominal amount of such shares is to be redeemed out of profits. Nominal Shares may be converted into Shares by the Manager on payment by it of the difference between the nominal value and the current dealing price.

Their rights on a winding up of the Company are set out below.

Notifying Shareholders of Changes

The Directors are required to seek Shareholder approval to, or notify Shareholders of, various types of changes to the Company, which could include a change to the Fund's investment objective and policy. The form of notification, and whether Shareholder approval is required, depends upon the nature of the proposed change.

A fundamental change is a change or event which changes the purpose or nature of the Fund, which may materially prejudice a Shareholder; or alter the risk profile of the Fund; or which introduces any new type of payment out of the Scheme Property of the Fund. For fundamental changes, the Directors must obtain Shareholder approval, normally by way of an extraordinary resolution (which needs 75% of the votes cast to be in favour if the resolution is to be passed).

A significant change is a change or event which is not fundamental but which affects a Shareholder's ability to exercise his rights in relation to his investment; which would reasonably be expected to cause the Shareholder to reconsider his participation in the Fund; or which results in any increased payments out of the Fund to the Manager or its associates; or which materially increases payments of any other type out of the Fund. The Directors must give reasonable prior notice (not less than sixty days) in respect of any such proposed significant change.

A notifiable change is a change or event of which a Shareholder must be made aware but, although not considered by the Directors to be insignificant, it is not a fundamental change or a significant change. The Directors must inform Shareholders in an appropriate manner and time scale of any such notifiable changes.

Winding-Up

The Company may be wound up at any time by Special Resolution in accordance with the provisions of the Companies Law. In addition, unless the Commission determines otherwise, in any of the following circumstances the Company must cease

the issue and redemption of Shares, the Manager must cease the sale and repurchase of Shares in the Company, and the Directors of the Company must convene a special meeting of the Company to consider a Special Resolution to wind-up the Company no later than one month after the occurrence of any of the following:

- a. the cancellation of the Company's recognized fund certificate under the Order;
- b. the determination of the Commission to cancel the Company's recognized fund certificate at the request of the Company or the Custodian.

The procedure to be followed on a winding-up of the Company will be that set out from time to time by the Companies Law.

If the Company is wound up or dissolved the assets available for distribution among the Members shall be applied in the following priority:

- i. firstly, in the repayment equally to the holders of Shares of the nominal amount paid up thereon;
- ii. secondly, in the repayment equally to the holders of Nominal Shares (if any) of the nominal amount paid up thereon;
- iii. thirdly, in the repayment to the holders of the Management Shares of the nominal amount paid up on these shares held by them adjusted by either adding thereto or deducting therefrom (as applicable) the surplus standing to the credit of or the deficit in the Management Reserve Account;
- iv. finally, any surplus of assets then remaining shall be allocated between the holders of "A" Shares and "B" Shares respectively according to the aggregate notional shares attributable to each such Class in issue and the surplus so allocated to the holders of "A" Shares shall be distributed amongst them in proportion to their holdings of "A" Shares and the surplus so allocated to the holders of "B" Shares shall be distributed amongst them in proportion to their holdings of "B" Shares.

The liquidator may, if authorised by Special Resolution, divide assets in specie amongst members.

Variation of Capital and Rights

1. Subject to the provisions of the Companies Law the Company may by Special Resolution from time to time alter (without reducing) its share capital as set out in the Articles of Association.
2. Subject to the provisions of the Companies Law, all or any of the special rights for the time being attached to any class of Shares for the time being issued may from time to time be altered or abrogated with consent in writing of the Shareholders of not less than two-thirds of the issued Shares of that Class or with the sanction of a Special Resolution passed at a separate Class meeting of such Shareholders. At such a meeting every Shareholder of the class shall be entitled, on a poll, to one vote for every such

Share held by them. The necessary quorum at any such meeting is two persons at least holding or representing by proxy not less than one-third of the issued Shares of that Class, except that if at any adjourned meeting such a quorum is not present the Shareholders who are present shall be a quorum.

3. The special rights attached to any Class of shares having preferential rights shall, unless otherwise expressly provided by the conditions of issue of such shares, be deemed not to be varied by:
 - a. The creation, allotment or issue of further shares ranking equally therewith; or
 - b. the creation, allotment or issue of Management Shares; or
 - c. the creation of Unclassified Shares; or
 - d. the allotment, issue or redemption of Shares of any Class; or
 - e. the exchange of Shares of any Class into Shares of another Class; or
 - f. the allotment, issue or redemption of Nominal Shares; or
 - g. the conversion of Nominal Shares into Shares; or
 - h. the exchange or conversion of Shares of one Class to those of another Class pursuant to the Articles of Association.

Directors

1. The business of the Company shall be managed by the Directors who may exercise all such powers as are not required by the Companies Law or the Order to be exercisable by the Custodian, the Manager, or the Company in General Meeting, subject to any provisions contained in the Articles of Association, the Companies Law, the Order, or prescribed by the Company in General Meeting.

The Directors may exercise all the powers of the Company and entrust or confer any of these on the Manager.
2. Any Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with their office of Director on such terms as to tenure of office and otherwise as the Directors may determine. Any Director may also act in a professional capacity (other than as auditor) and they or their firm shall be entitled to remuneration for such services as if they were not a Director.
3. The Directors shall have the power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following Annual General meeting and shall then be eligible for re-election.
4. A Director may be removed from office by an ordinary resolution of the Company in General Meeting; and in

certain other specific circumstances detailed in the Articles of Association.

5. A Director may not normally vote in respect of any contract in which he is materially interested, but shall not be disqualified by his office from contracting with the Company. A Director is not counted in the quorum of any meeting in relation to a resolution on which he is debarred from voting.
6. There is no share qualification for Directors.
7. There are no provisions requiring a Director to retire at a specific age.
8. Each Director may appoint any person as his alternate to attend meetings at which he is unable to be present.

Indemnity

In so far as the Law permits, every Director and other officer of the Company is entitled to be indemnified by the Company for any liability incurred by reason of being an officer of the Company in respect of costs of defending proceedings, or to third parties where they acted in good faith with a view to the best interests of the Company, or otherwise where relief is granted by the Court.

The Directors are entitled to arrange insurance cover in the name of and at the expense of the Company for the benefit of the officers, the secretary and agents, servants or employees of the Company against liability incurred by them holding such office or appointment.

Conflicts of Interest

The Order contains detailed provisions relating, amongst others, to the powers and duties of the Manager and Custodian, the removal of the Manager, the cancellation of the Company's recognized fund certificate, and the dealing as principal with the property of the Company by the Manager, the Custodian, the Investment Manager or any associate of any of them.

The Manager has established and implemented a conflicts policy (which may be revised and updated from time to time). The conflicts policy sets out how the Manager must seek to identify and manage all material conflicts of interest. Such conflicts of interest can occur in day to day business activities.

Depending on the exact nature of the conflict of interest involved, the Manager may take certain actions in accordance with the conflicts policy to mitigate the potential impact of the conflict. Such actions may include putting in place controls between the opposing sides of the conflict, which may control or prevent the exchange of information, and/or involve the appropriate management of staff activities and segregation of duties. Where such controls would be insufficient to eliminate the potential material risk of damage to clients from specific conflicts, the Manager will disclose the general nature and/or source of those conflicts of interest prior to undertaking the relevant business.

In addition, conflicts of interest may arise as a result of the delegation of the portfolio management role to the Investment Manager if, for example, the Investment Manager provides management, advisory or other services to other funds or investment products. The Investment Manager, as an FCA authorised entity, has a conflicts of interest policy in place to deal with such conflicts.

Recognition and Enforcement of Judgments

Subject to the provisions of the Judgments (Reciprocal Enforcement) (Jersey) Law 1960 and all regulations, rules or orders made under it (together, the “Reciprocal Enforcement Legislation”), if any final and conclusive judgment under which a sum of money is payable (that is not in respect of taxes or similar charges, a fine or a penalty) were obtained in a superior court (as defined in the Reciprocal Enforcement Legislation) in England and Wales, Scotland, Northern Ireland, the Isle of Man or Guernsey (a “Reciprocal Enforcement Court”) against the Manager, that judgment would be recognized and enforced in Jersey without reconsidering its merits.

Where the sum payable under the judgment of a Reciprocal Enforcement Court is expressed in a currency other than the currency of Jersey (one Jersey pound is equivalent to one pound sterling), the judgment will be registered by the Jersey courts under the Reciprocal Enforcement Legislation as if it were a judgment for such sum in the currency of Jersey as, on the basis of the rate of exchange prevailing at the date of judgment of the Reciprocal Enforcement Court, is equivalent to the sum so payable.

A judgment of a court of any other member state of the EEA is not directly enforceable in Jersey. The Jersey courts, however, have inherent jurisdiction to recognize and enforce, without reconsidering the merits, an in personam judgment (that is, a judgment enforceable specifically against a person) for a liquidated sum of money (not being in respect of taxes or similar charges, a fine or a penalty) that is final and conclusive given against the Manager on the merits by such court (having jurisdiction according to Jersey rules of private international law), provided that: (a) such judgment is not for exemplary, multiple or punitive damages and is obtained without fraud, in accordance with the principles of natural justice and is not contrary to public policy and; (b) the enforcement proceedings in the Jersey courts are duly served.

Material Contracts

The following contracts which are or may be material have been entered into otherwise than in the ordinary course of business:

- i. Management Agreement dated 12 January 1990 (including any subsequent variations) between the Company, the Manager and the Custodian, in their former names where applicable, whereby the Manager agreed to manage the business of the Company. The Management Agreement may be terminated on not less than one month’s notice in writing given to the Manager or by not less than 90 days’ notice in writing given by the Manager to the Company.
- ii. Investment Management Agreement dated 18 October 1999 (including any subsequent variations) between the Company, the Manager and the Investment Manager, in their former names where applicable, whereby investment management is provided by the Investment Manager. The Investment Management Agreement may be terminated, on notice in writing given by the Company or the Manager to the Investment Manager or by not less than 90 days’ notice in writing given by the Investment Manager to the Company and the Manager.
- iii. Custodian Agreement dated 12 January 1990 (including any subsequent variations) between the Company, the Manager and the Custodian, in their former names where applicable, pursuant to which the Custodian is appointed to act as custodian of the Company’s assets. The Custodian agreement may be terminated, on 12 months’ prior written notice any time after 1 March 2008 by either the Company or the Custodian.
- iv. Registrar Agreement dated 7 December 1988 (including any subsequent variations) between the Company, the Custodian and the Manager, in their former names where applicable, whereby the Manager acts as registrar to the Company. The Registrar Agreement may be terminated on six months’ notice given by either the Company or the Custodian to the other parties.
- v. Secretarial Agreement dated 24 February 1998 (including any subsequent variations) between the Company and the Company Secretary, in their former names where applicable, whereby the latter was appointed as Secretary to the Company.
- vi. UK Facilities Agreement dated 31 January 2001 (including any subsequent variations) between the Company, the UK Facilities Agent and the Manager, in their former names where applicable, whereby the Company appointed the UK Facilities Agent, and which may be terminated by three months’ written notice by either the Company or the UK Facilities Agent.
- vii. Paying Agency Agreement dated 1 July 2011 (including any subsequent variations) between the Company, the Paying Agent, the Manager and the Custodian, in their former names where applicable, whereby the Manager appointed the Paying Agent to provide paying agency facilities to the Company. The Paying Agency Agreement may be terminated by three months’ written notice given by either party.
- viii. Novation Agreement dated 8 November 1999 between the Company, Lloyds TSB Fund Managers (Channel Islands) Limited (the “Original Manager”), the Custodian, the Investment Manager and the Manager, in their former names where applicable, whereby the Manager replaced the Original Manager under the Management Agreement, the Investment Management Agreement, the Custodian Agreement, the Registrars Agreement and the UK Facilities Agreement.

All the above agreements contain provisions indemnifying and exempting the respective functionaries from liability for any loss or damage suffered by the Company which may arise in the execution by the functionaries of their duties other than from failure to exercise due care and diligence.

Treating Customers Fairly

Lloyds Investment Fund Managers Limited is not authorised or regulated by the FCA, however it has adopted the UK principle to pay due regard to the interests of its customers and treat them fairly.

It is the intention of both the Manager and the Company not to display any preference to any Shareholder in conducting their services and as such, neither the Manager nor the Company gives preferential treatment or the right to obtain preferential treatment to any Shareholder that creates an overall material disadvantage to other Shareholders.

Complaints Procedures

Complaints should be addressed to the Manager who will investigate all complaints. A leaflet entitled "How to Complain" is available from the Manager or on application in writing from P.O. Box 160, 25 New Street, St Helier, Jersey JE4 8RG. If the complainants are not happy with the Manager's response they have the right:

- to report the matter to the Jersey Financial Services Commission, P.O. Box 267, 14–18 Castle Street, St Helier, Jersey JE4 8TP and to ask the Commission to investigate; and
- where a Shareholder is domiciled in the UK, to also make a complaint about the UK Facilities Agent to the Financial Ombudsman Service (as defined in the FCA Rules), Exchange Tower, London E14 9SR; and

General

1. No commissions, discounts, brokerage or other special terms have been granted by the Company in relation to shares or debentures issued or to be issued by the Company. However, on any issue or sale of Shares the Manager may, out of its own funds, pay commission on applications received through brokers and other professional agents. Any commission due other than trail commission will normally be paid within one month of the Shares being entered onto the register of Shareholders subject to the completion of any necessary documentation.
2. The Company is not engaged in any litigation or arbitration and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

3. There are no existing or proposed service contracts between any of the Directors and the Company but the Directors may receive remuneration as provided in the Articles.
4. The company has no employees.
5. Timothy Joseph Herbert was a Partner of Mourant Ozannes, the legal advisers in Jersey to the Company and to the Manager from 1987 to 2012. In July 2012 he stepped down from the partnership and is now retained by Mourant Ozannes as a consultant to the firm. Mourant Ozannes receive fees in connection with advising the Company and the Manager.
6. Save as disclosed in paragraph (10) below, no Director of the Company has had any interest in the promotion of the Company or, since the date of incorporation of the Company, in any assets acquired, disposed of or leased to or by or proposed to be acquired, disposed of or leased to or by the Company and no Director has a material interest in any contract or arrangement entered into by the Company which is significant in relation to the business of the Company.
7. Save for investments acquired in the course of its ordinary business, the Company has not purchased or acquired or agreed to purchase or acquire any property.
8. The Company does not provide loans or guarantees to any Director or to directors of the Manager or any other party.
9. The Company has not established and does not intend to establish a place of business in the United Kingdom. The Company does not have any subsidiaries.
10. The significant business activities (if any) of the Directors of the Company are as follows:

Ian Mark Jeremie Hardy – Senior Product Manager, International Products, Retail, Lloyds Banking Group.

Timothy Joseph Herbert – Consultant, Mourant Ozannes, Jersey.

Brian Charles James – Head of Investment Operations – Jersey, Retail, Lloyds Banking Group.

Bronislaw Lysiak, Senior Manager – Intermediary Sales, Private Banking, Lloyds Banking Group.

Ross Davey Willcox – Head of International Products, Retail, Lloyds Banking Group.

11. The Directors of the Manager are as follows. Their significant business activities, not connected with the business of the Manager, and not shown in paragraph (10) above are:

Timothy John Cooke – Islands Director and Chairman, Lloyds Bank International Limited, Wealth, Lloyds Banking Group.

Ian Mark Jeremie Hardy

Adrian Hick – Head of Regulated Managers, International Private Bank, Wealth, Lloyds Banking Group.

Brian Charles James

Ross Davey Willcox

Adrian David Lane – Finance Director, Lloyds Bank International Limited/Financial Controller, International Wealth, Lloyds Banking Group.

Richard John Musty – International Private Bank Director, Lloyds Banking Group.

12. The Manager is not liable for any loss or damage, direct or indirect, caused by:
 - a. Any breach of confidentiality (unless caused by the Manager) resulting directly or indirectly from the actions of a Shareholder.
 - b. The unavailability of any services.
 - c. Delays, interruptions or errors in transmission of monies or documents not directly arising as a result of a failure on the Manager's part.
 - d. Other circumstances beyond the Manager's reasonable control.
13. Copies of the Memorandum and Articles of Association of the Company, the Companies Law (Jersey) 1991, as amended, the Collective Investment Funds (Jersey) Law, 1988, as amended, and subordinate legislation made thereunder, the material contracts and any Fund rules may be inspected free of charge and copies of them obtained at a reasonable charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) in Jersey from the offices of the Manager, Lloyds Investment Fund Managers Limited, P.O. Box 311, 11–12 Esplanade, St Helier, Jersey, Channel Islands JE4 8ZU. Copies of this Prospectus, the most recent Annual Report and any subsequent Interim Report of the Company are available, free of charge, from the Manager.
14. The Company is not a recognised scheme in the United Kingdom and cannot be marketed or promoted in the United Kingdom. It is not required to comply with the Alternative Investment Fund Managers Directive 2011/61/EU.
15. The Company does not carry on any regulated activity from a permanent place of business in the United Kingdom and United Kingdom investors are advised that most of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Company. Shareholders in the Company are not protected by the Financial Services Compensation Scheme established in the United Kingdom. The registered address of the Company is set out on page 3 of this Prospectus.

UK Facilities Agent

In accordance with the terms of the UK Facilities Agreement, the UK Facilities Agent maintains facilities in the UK for any person to inspect (free of charge) the following documents:

- i. the Prospectus and any supplements thereto;
- ii. the Memorandum and Articles of Association of the Company and any amendments; and
- iii. the latest annual and semi-annual reports.

The UK Facilities Agent shall also:

- i. provide information about the price of the Shares;
- ii. arrange for redemption of Shares on behalf of the Shareholders and arrange payment for such Shares;
- iii. arrange payments of dividends on behalf of the Company;
- iv. provide details or copies of notices to Shareholders; and
- v. pass on any complaints from Shareholders to the Directors or the Manager.

The address of the UK Facilities Agent is:

Lloyds Bank Private Banking Limited, 31-33 Perrymount Road, Haywards Heath, West Sussex RH16 3SP.

UK Taxation Information

A summary of the taxation information based on the law in the UK is set out on pages 18–20 of this Prospectus. It is intended to offer guidance only to UK investors, and it does not constitute legal or tax advice.



Application Form

Lloyds Gilt Fund Limited is a company incorporated in Jersey with limited liability under the Companies (Jersey) Law, 1991.

This application is to buy participating shares of the classes shown below in Lloyds Gilt Fund Limited.

Please write clearly, in the white spaces with capital letters or a mark where indicated (☒).

Your application may be delayed if any of the information we need is missing. The Manager may reject any application at its sole discretion.

Institutions and companies should request a Corporate Application Form from the Manager

1 Applicant(s) Details	
<p>First named applicant</p> <p>Title Mr Mrs Miss Ms Gender Male Female</p> <p>☒ ☒ ☒ ☒ ☒ ☒</p> <p>Other title</p> <p>First name(s)</p> <p>Surname</p> <p>Former names</p> <p>Mother's maiden name</p> <p>Your home address, including country (If you have more than one residential address, please advise on a separate sheet.)</p> <p>Country Postcode</p> <p>Your date of birth D D M M Y Y Y Y</p> <p>Your place of birth (Town and Country)</p> <p>Your nationality (if you have more than one nationality, please list all that apply)</p> <p>Your telephone number</p> <p>Your fax number</p> <p>Your email address</p> <p>Exact nature of occupation/business (if retired, occupation at time of retirement)</p> <p>Name of employer</p>	<p>Second named applicant</p> <p>Title Mr Mrs Miss Ms Gender Male Female</p> <p>☒ ☒ ☒ ☒ ☒ ☒</p> <p>Other title</p> <p>First name(s)</p> <p>Surname</p> <p>Former names</p> <p>Mother's maiden name</p> <p>Your home address, including country (If you have more than one residential address, please advise on a separate sheet.)</p> <p>Country Postcode</p> <p>Your date of birth D D M M Y Y Y Y</p> <p>Your place of birth (Town and Country)</p> <p>Your nationality (if you have more than one nationality, please list all that apply)</p> <p>Your telephone number</p> <p>Your fax number</p> <p>Your email address</p> <p>Exact nature of occupation/business (if retired, occupation at time of retirement)</p> <p>Name of employer</p>

1

Applicant(s) Details

Third named applicant

Title Mr Mrs Miss Ms Male Female

Other title

First name(s)

Surname

Former names

Mother's maiden name

Your home address, including country
(If you have more than one residential address, please advise on a separate sheet.)

Country Postcode

Your date of birth D D M M Y Y Y Y

Your place of birth (Town and Country)

Your nationality (if you have more than one nationality, please list all that apply)

Your telephone number

Your fax number

Your email address

Exact nature of occupation/business (if retired, occupation at time of retirement)

Name of employer

Fourth named applicant

Title Mr Mrs Miss Ms Male Female

Other title

First name(s)

Surname

Former names

Mother's maiden name

Your home address, including country
(If you have more than one residential address, please advise on a separate sheet.)

Country Postcode

Your date of birth D D M M Y Y Y Y

Your place of birth (Town and Country)

Your nationality (if you have more than one nationality, please list all that apply)

Your telephone number

Your fax number

Your email address

Exact nature of occupation/business (if retired, occupation at time of retirement)

Name of employer

Correspondence Address

Address to which correspondence should be sent

If the following section is not completed then all correspondence will be sent to the address of the first named applicant

Country Postcode

First named applicant

Country in which you are currently deemed resident for tax

Tax Identification Number

Other countries in which you are resident for tax purposes, or have been a resident for tax purposes in the last 2 years

If you have indicated above that you have a U.S. Nationality, U.S. Country of Residence, U.S. Country of Birth or are a resident in the U.S. for tax purposes please provide your U.S. Taxpayer Identification Number (TIN) here

Second named applicant

Country in which you are currently deemed resident for tax

Tax Identification Number

Other countries in which you are resident for tax purposes, or have been a resident for tax purposes in the last 2 years

If you have indicated above that you have a U.S. Nationality, U.S. Country of Residence, U.S. Country of Birth or are a resident in the U.S. for tax purposes please provide your U.S. Taxpayer Identification Number (TIN) here

Third named applicant

Country in which you are currently deemed resident for tax

Tax Identification Number

Other countries in which you are resident for tax purposes, or have been a resident for tax purposes in the last 2 years

If you have indicated above that you have a U.S. Nationality, U.S. Country of Residence, U.S. Country of Birth or are a resident in the U.S. for tax purposes please provide your U.S. Taxpayer Identification Number (TIN) here

Fourth named applicant

Country in which you are currently deemed resident for tax

Tax Identification Number

Other countries in which you are resident for tax purposes, or have been a resident for tax purposes in the last 2 years

If you have indicated above that you have a U.S. Nationality, U.S. Country of Residence, U.S. Country of Birth or are a resident in the U.S. for tax purposes please provide your U.S. Taxpayer Identification Number (TIN) here

3

Investment Details

I/we apply for sale to me/us of Shares of Lloyds Gilt Fund Limited having a total value at the dealing price (including Manager's initial charge and any applicable dilution levy) on the relevant dealing day of:

Lloyds Gilt Fund Limited	Amount of Lump Sum investment*	Amount of Regular Savings**
Monthly Shares "B" Class	£ <input type="text"/>	£ <input type="text"/>
Quarterly Shares "A" Class	£ <input type="text"/>	£ <input type="text"/>
Total Investment	£ <input type="text"/>	£ <input type="text"/>

* Initial minimum investment £5,000.

When sending monies to us by bank transfer for lump sum investments, please complete the Electronic Funds Transfer Form at the end of this document and send it to your bank.

** Minimum Regular Savings amount per month is £100.

For Regular Savings please complete the Direct Debit Form

If you already have an existing account with Lloyds Investment Fund Managers Limited, please quote the number in the space below.

Existing account number -

Source of Funds and geographical sphere of activities

Please provide details of the activity which generates the funds invested and the country in which this activity takes place.

4

Nominated Bank Account

Please pay the proceeds of any future redemption(s) of Shares registered in my/our names to:

Name of bank

Sort Code

BIC Code

Address

Postcode

Account name

(This account must be in the name(s) of one or more of the registered Shareholders).

Account number/IBAN number

If you wish to nominate additional Banks to the one stated above, please complete the form following the Application Form.

7

Declarations and Signatures

I/We hereby declare that:

1. I/We accept that this application is made on the basis of the current or any subsequent Prospectus of the Company, a copy of which has been offered to me/us and is subject to the Memorandum and Articles of Association of the Company.
2. I/We have received and read the relevant Key Investor Information Document(s) ("KIID(s)") and that I/we will read and review the most up-to-date version of the KIID(s) prior to making any subsequent investment in the fund(s).
3. A copy of the latest available Report and Accounts has been offered to me/us.
4. I am/We are over eighteen years of age.
5. The Shares are NOT being acquired directly or indirectly by a person resident in the United States of America.
6. The Shares are NOT being acquired directly or indirectly by a person in violation of any law applicable to the sale of Shares to such a person.
7. I/We acknowledge that investment in the Company is not a deposit with or other liability of any of the companies in the Lloyds Banking Group and is subject to investment risk including delays in repayment or loss of income or capital invested.
8. I/We acknowledge that this contract is with Lloyds Investment Fund Managers Limited, and is subject to the law of Jersey.
9. This contract is in English and I/we agree that you may continue to communicate with me/us in English once this contract is made.

In the case of joint accounts:

We acknowledge that all instructions and/or amendments to our details must be signed by all Shareholders, with the exception of payment instructions where a nominated bank account, previously authorised by all Shareholders, has been provided to the Manager.

On the death of the first of us the balance of our shareholding passes to the survivor(s) of us and we authorise you to accept the instructions of any such survivor(s) concerning the shareholding.

All joint applicants must sign in the order of Section 1 of this application form.

Signature of first applicant (please sign in black ink if possible)

Date

Signature of second applicant (please sign in black ink if possible)

Date

Signature of third applicant (please sign in black ink if possible)

Date

Signature of fourth applicant (please sign in black ink if possible)

Date

Cheques will only be accepted if made payable to Lloyds Investment Fund Managers Limited with a reference to the applicant(s)/Shareholder(s) name.

Copies of the current or any subsequent Prospectuses are obtainable free of charge from Lloyds Investment Fund Managers Limited, P.O. Box 311, 11-12 Esplanade, St Helier, Jersey, Channel Islands JE4 8ZU.

8

Agent Details

Agent's Name and Address

Postcode

Telephone number

Regulating Authority

Registration number

Fax number

9

Application Checklist

Before sending us your application please check that you have completed all sections of the form and that you have either enclosed your cheque payable to Lloyds Investment Fund Managers Limited with a reference to the applicant(s)/Shareholder(s) name or that you have completed and sent the "Electronic Funds Transfer Form" to your Bank. Cheques or electronic transfers must be sent from an account held in the name of one or more of the persons applying for Shares.

If you are investing through the Regular Savings Plan in sterling, please check you have completed the Direct Debit Form and have enclosed it with your application form.

Important – anti-money laundering regulations

In order to comply with the anti-money laundering guidelines issued by the Jersey Financial Services Commission, subscribers to the Fund will be required to provide documentary evidence of their identity. If you are not an existing Shareholder please refer to your representative for details of our latest requirements, or alternatively call us on the number below. Please ensure that all required documentation is forwarded with your application as failure to do so will result in a delay in investing.

Helpline Numbers

Customer Services: +44 (0) 1534 845555

Fax: +44 (0) 1534 845556

Daily Prices: international.lloydsbank.com/international-investments/funds/prices

Lloyds Gilt Fund Limited

(for Lump Sum Investments only)



Electronic Funds Transfer Form

Applicants wishing to transfer funds electronically should complete this form and deliver it to their bankers as soon as possible in order that monies may be transferred promptly.

Name of your bank/building society

Address of your bank/building society

Postcode

Account name to be debited

Account number

Branch Sort Code

Please remit by Electronic Funds Transfer from the above account the sum of:

Amount in Figures

Amount in Words

To

Please request your bankers to remit by Electronic Funds Transfer payment for the credit of Lloyds Investment Fund Managers Limited client account

Account number 01773390

IBAN Number GB40LOYD30946101773390

Lloyds Bank International Limited

9 Broad Street, St Helier, Jersey JE4 8NG

Sort Code 30 – 94 – 61

If remitting funds from outside the UK send via SWIFT MT103 to LOYDGB2L

Very Important: Please ensure the following details are included in the payment.

Name of Investor

Account number (if existing Shareholder)

Signature(s) (please sign in black ink if possible)

Joint holder (if applicable)

Date

Date

Lloyds Gilt Fund Limited

(for Regular Savings Plan in sterling only)



Instructions to your Bank or Building Society to pay Direct Debits

Please fill in the whole form and send it to:
Lloyds Investment Fund Managers Limited
P.O. Box 311, St Helier, Jersey, Channel Islands JE4 8ZU

Originator's Identification Number

7 7 0 0 8 1

1 Name and full postal address of your Bank or Building Society branch

To: The Manager
Bank or Building Society

Address

Postcode

2 Name(s) of the Account Holders

3 Branch Sort Code (from the top right corner of your cheque)

4 Bank or Building Society Account Number

5 Reference Number (Official use Only)

6 Instructions to your Bank or Building Society

Please pay Lloyds Investment Fund Managers Limited Direct Debits from the account detailed in this instruction subject to the safeguards assured by the Direct Debit guarantee.

Signature(s) (please sign in black ink if possible)

Joint holder (if applicable)

Date

Date

Banks and Building Societies may not accept Direct Debit Instructions for some types of account

The Direct Debit Guarantee

- This Guarantee is offered by all banks and building societies that accept instructions to pay Direct Debits.
- If there are any changes to the amount, date or frequency of your Direct Debit, Lloyds Investment Fund Managers Limited will notify you 30 working days in advance of your account being debited or as otherwise agreed. If you request Lloyds Investment Fund Managers Limited to collect a payment, confirmation of the amount and date will be given to you at the time of the request.
- If an error is made in the payment of your Direct Debit, by Lloyds Investment Fund Managers Limited or your bank or building society, you are entitled to a full and immediate refund paid from your bank or building society.
 - If you receive a refund you are not entitled to, you must pay it back when Lloyds Investment Fund Managers Limited asks you to.
- You can cancel a Direct Debit at any time by writing to your bank or building society. Written confirmation may be required. Please also notify us.





Additional Nominated Banks

If you would like to nominate any banks to make or receive payments, in addition to the one already nominated on the application form, please complete the relevant boxes and ensure that all shareholders sign in the space provided at the bottom of this page and return the completed form to us. Please note that any account must be in the names of one or more of the registered Shareholder(s). This form can be completed either at the time of application or at a later date if required.

Name of bank

Sort Code BIC Code

Address Postcode

Account name

Account number/IBAN number

Name of bank

Sort Code BIC Code

Address Postcode

Account number/IBAN number

Name of bank

Sort Code BIC Code

Address Postcode

Account name

Account number/IBAN number

All Shareholders must sign (please sign in black ink if possible)

Name

Signed

Date

If already a Shareholder please state account number -

Name

Signed

Date

If already a Shareholder please state account number -

Name

Signed

Date

If already a Shareholder please state account number -

Name

Signed

Date

If already a Shareholder please state account number -

Please go to lloydsbank.com/international

