
LLOYDS MONEY FUND LIMITED

Interim Report and
Unaudited Financial Statements

For the six month period ended 31 December 2015



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Company Information

Registered Office

PO Box 160, 25 New Street,
St Helier,
Jersey, JE4 8RG,
Channel Islands.

Principal Place of Business

PO Box 311, 11 - 12 Esplanade,
St Helier,
Jersey, JE4 8ZU,
Channel Islands.

Directors

c/o Registered Office
R. D. Willcox (Chairman)
I. M. J. Hardy
B. C. James
B. Lysiak
T. J. Herbert
PO Box 87, 22 Grenville Street,
St Helier,
Jersey, JE4 8PX,
Channel Islands.

Manager and Registrar

Lloyds Investment Fund Managers Limited
PO Box 160, 25 New Street,
St Helier,
Jersey, JE4 8RG,
Channel Islands.

Legal Advisers

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

Custodian

Capita Trust Company (Jersey) Limited
PO Box 532, 12 Castle Street,
St Helier,
Jersey, JE2 3RT,
Channel Islands.

Secretary

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

Independent Auditors

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

Paying Agent

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

Investment Objectives and Policy

Lloyds Money Fund Limited 'the Company' is an open-ended investment company registered in Jersey.

It is known as an Umbrella Fund because it can provide shareholders with a variety of investment options under the umbrella of a single Company.

The policy of the Company is to invest in deposits which are available on the euro-currency markets (including deposits placed with Lloyds Banking Group) in order to achieve a competitive rate of return in capital terms so far as is commensurate with minimum risk to capital.

The Manager may not invest more than 10% of the assets of sterling currency Class with any one institution, including a member of the same group of companies as either the Manager or the Custodian. The figure may be regarded as 20% if the eligible institution has capital which has shareholders' funds of an amount most recently quoted in 'The Banker' magazine published by Financial Times Information Limited of US\$1,000,000,000 or more. In addition the Manager will ensure that at least 35% of assets within sterling currency Class are realisable within fourteen days.

The paragraph above does not apply to a deposit of less than £1,000,000.

Each currency Class has a portfolio of deposits in their respective currencies and are therefore not subject to variations in exchange rates. At the Statement of Financial Position date only the Sterling Class was in existence.

Objective

The objective of the Company is to offer the individual and corporate investor a high degree of protection and access to wholesale money markets, whilst maintaining a competitive level of return and ready availability of funds.

Directors' Profiles

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

Joined the Lloyds Banking Group in 1977 and has held a number of managerial positions in the UK and Internationally. Was appointed Managing Director of the Jersey Fund Management Company in 1999 and is currently Chairman/Director of the International Fund Companies. Current responsibilities include the value proposition of all investment products for International Wealth. A qualified Banker, a Fellow of the Securities & Investment Institute and a Chartered Director.

Aged 56.

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

Joined the Lloyds Banking Group in 1981 and has held a number of managerial positions before being appointed Managing Director of the Group's Guernsey based Fund Management Company in 1997 and a Director of the Company in 1998. Current responsibilities include provision of technical and regulatory advice on a range of investment products and services. Holder of an upper second class honours degree from the University of Aston in Birmingham in Business Administration and Transport Planning.

Aged 56.

Timothy Joseph Herbert – Consultant, Mourant Ozannes.

Jersey born and educated. M.A. in jurisprudence Trinity College Oxford 1982. Member of Middle Temple. Joined Mourant du Feu & Jeune (now Mourant Ozannes) in May 1983. Sworn in as an advocate of the Royal Court, September 1985. Tim Herbert was a partner of Mourant Ozannes 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. He has extensive experience in corporate and commercial law and mutual funds advice. Holds other external directorships and also acts as Honorary Consul for Finland.

Aged 56.

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

Joined the Lloyds Banking Group in 1988 and has held a number of managerial positions primarily in Financial Control and Risk Management roles before being appointed as a Director of the Jersey based Fund Management Company and as a Director of the Company in 2003. Current responsibilities include leading a team of specialists delivering operational support for a range of offshore investment products and services. A Chartered Director.

Aged 54.

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

Joined the Lloyds Banking Group in 1993 and has held a number of managerial positions within a regulated personal customer environment. Current responsibilities are for sales and distribution of investment products to regulated intermediaries and institutions. Holder of an Advanced Financial Planning Certificate in Taxation, Trust and Investment Planning and Higher National Diploma in Business and Finance.

Aged 51.

Report of the Directors

The Directors have pleasure in submitting their Interim Report together with the Unaudited Financial Statements for the six month period ended 31 December 2015. The Company is domiciled and incorporated as a limited liability company in Jersey, Channel Islands, and listed on the Channel Islands Securities Exchange Authority and on the Malta Stock Exchange.

Results

The results for the period are set out in the financial statements on pages 10 to 37.

Directors

The Directors of the company who were in office during the period and up to the date of signing the financial statements were:

Mr I.M.J. Hardy (appointed 22 January 1998)

Mr T.J. Herbert (appointed 1 January 2005)

Mr B.C. James (appointed 24 January 2003)

Mr B. Lysiak (appointed 5 June 2014)

Mr R.D. Willcox (appointed 4 May 2000)

As at 31 December 2015, no Shares in the Company were held by the Directors.

No Director has a service contract with the Company and no director is, or was, materially interested in any service or other contract entered into by the Company.

Mr T.J. Herbert is a consultant to Mourant Ozannes, who are the Jersey legal advisers to the Company and the Manager. Mourant Ozannes receives fees in connection with advising the Company and the Manager.

Mr I.M.J. Hardy, Mr B.C. James and Mr R.D. Willcox are Directors of Lloyds Investment Fund Managers Limited (the 'Manager') which has a management contract with the Company. Fees earned by the Manager are disclosed in these financial statements in note 6.

Investment Activities

As a result of the continuing difficult market conditions the Annual Management Charge on the Sterling class was reduced from 0.35% to 0.2% with effect from 7 November 2014.

It is the intention that the reduction in respect of the Sterling Class is for a temporary period only and the fees will revert to the former levels when market conditions allow. Investors will be given at least 90 days' prior written notice of the ending of the reduction.

Share Capital

The Company has an authorised share capital of US\$ 500,100 (2014: US\$500,100).

Going Concern

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ('IFRS') on the going concern basis. The Directors have a reasonable expectation that the Money Fund Limited will continue as a going concern for 12 months from the Statement of Financial Position date.

Change in Functional and Presentational Currency

The financial statements of the Company have been prepared in accordance with IAS21 (functional and presentational currency). IAS21 defines functional currency as "the currency of the primary economic environment in which the entity operates", and presentational currency as "the currency in which the financial statements are presented".

There is no change to the functional or presentational currency of the Sterling class, however, following the closure of the Australian dollar, Euro, New Zealand dollar and US dollar classes on 20 February 2015 the Directors agreed that from 1 July 2015 the functional and presentational currency of the Lloyds Money Fund Limited should be reflected in Sterling, as this better represents the primary economic environment in which the entity continues to operate.

Independent Auditors

PricewaterhouseCoopers CI LLP were re-appointed as Independent Auditors at the Annual General Meeting held on 18 November 2015 and have indicated their willingness to remain in office.

Prospectus

Copies of the Prospectus dated November 2014, together with a supplement dated February 2015 are available, free of charge, on application to the Manager. Alternatively they can be accessed on our website at <http://international.lloydsbank.com/international-investments/funds/>.

Management and Administration Providers

The names and addresses of management and administration providers are stated on page 2.

Comparatives Tables

The Performance Record and Net Asset Value per Share tables are stated on page 38.

Report of the Directors (continued)

Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS). The Directors are required by the Companies (Jersey) Law 1991 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company for that period and are in accordance with applicable laws. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991 and the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended).

They are also responsible for the safeguarding of the assets of the Company which includes the appointment of a duly qualified Custodian. The Directors must also ensure that they or their duly appointed agents take reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

So far as the Directors are aware, there is no relevant audit information of which the Company's Auditors are unaware, and each Director has taken all the steps that he ought to have taken as Director, in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

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.

Financial Risk Management

The Directors have taken into consideration the financial risk management of the Company, this has been disclosed in Note 17 of the financial statements.

General Information

The Company is an open-ended investment Company with variable capital and shareholders are not liable for the debts of the Company.

The Company holds a certificate as a recognized Umbrella Fund under the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended), and holds a permit under Article 7 of the Collective Investment Funds (Jersey) Law, 1988. The Company is listed on the Channel Islands Securities Exchange Authority (the "CISEA") and on the Malta Stock Exchange.

The market value per Share of the assets of each Class (in the base currency of that Class) was as follows:

Class	31 December 2015	1 July 2015
Sterling	52.618	52.578

Australian dollar, Euro, New Zealand dollar and US dollar classes closed 20 February 2015.

The latest prices can be viewed on our website.

<http://international.lloydsbank.com/international-investments/funds/prices/>

Website

The Directors have selected Lloyds Bank International Limited's website as the host website for the Company's financial statements and believe this selection to be a reasonable one; the work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Information published on the internet is accessible in many countries. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board
Lloyds Corporate Services (Jersey) Limited
Secretary

8 February 2016

Report of the Manager

Global outlook

If the mainstream forecasters are right we can expect the world economy to be slightly better in 2016 than last year. The International Monetary Fund (“IMF”), for example, forecasts growth of 3.6% this year after 3.1% in 2015. Last year’s figure is rather sluggish, this year’s stronger, but still not all that impressive.

So what are the big issues for 2016, the factors that will determine whether things turn out better or worse than the IMF and others currently predict?

Once again, two factors dominate, and they come from the world’s two largest economies: the United States and China.

In the US the long haul back to a more normal interest rate policy began at the end of last year. The Federal Reserve (“the Fed”) finally raised its main interest rate target from the level of practically zero it has had since the end of 2008. Chair Janet Yellen says the Fed will continue to monitor inflation and employment to determine if and when further rises are justified.

There is certainly the potential for that to cause significant disruption to emerging economies. It’s likely to lead to higher borrowing costs, and lower currencies, because money will be moved to the US to benefit from the rising interest rates there and that in turn will make it more expensive to repay loans in dollars.

All this has already happened to some extent as financial markets moved in anticipation of the Fed’s action. So far, there has been no emerging markets financial crisis. It could well stay that way, though there are certainly risks of turbulence.

The other big issue is China’s slowing economic growth. China’s slowdown is widely seen as inevitable and even desirable. It could not have been sustained indefinitely at the annual average of 10% that the official data shows for the 30 years up to 2010. Throughout the slowdown, which began around the start of the current decade, the question has been: will it be a smooth transition or not, a hard or soft landing?

So far, no crisis, though there have been some sharp stock market falls in China. There were several weeks of volatility in the middle of 2015 and trading for this year got off to an inauspicious start, with a fall of 7% in Shanghai and trading suspended.

One of the reasons for those latest falls was data pointing to a decline in manufacturing activity in December, more evidence in other words of the economy shifting down a gear. China’s slowdown has been a central factor in another development, the recent falls in global commodity prices, oil, metals and foods. China is not the only factor, especially in the oil market, but it’s an important one for many commodities.

UK Interest Rates

Bank Rate, at 0.5% for more than six years, looks set to remain fixed until well into 2017, according to the financial markets. It could be far

longer, as we explain below.

The prediction had been for a rise in December 2016 or January 2017 for the UK Bank Rate, following the first rate rise in the US for nine years, in December. But fresh global economic gloom in 2016 and the receding likelihood of meeting the conditions for an increase in rates set by the Monetary Policy Committee in January 2014, have shifted opinion. Now money markets imply that the first increase will come in November 2017. In the summer 2015, a rate rise was considered likely by the end of 2015.

Since the hawkish stance at the start of summer 2015, much has happened to convince markets that rate rises will be further off than anticipated. These events include:

- The “Black Monday” stock market crash in August, which undermined confidence
- Weaker UK economic growth
- The return of UK deflation in September (although inflation returned to 0.2% in December 2015)
- The plunging oil price
- Dovish comments from Bank Governor Mark Carney

The Bank of England Inflation Report November 2015 boosted the case for the “doves”, those Bank of England decision makers who tend to think rate rises are not needed and markets pushed the forecast for the first rise further back. The falling oil price (below \$28), and worsening global economic outlook, have contributed further in early 2016.

This trend for pushing the forecast for the first rise further into the future has been in place since rates were cut in 2009. The prediction for the first rate rise keeps getting pushed back. At one point in July 2015, markets believed a rise would happen in early 2016.

Before the MPC decision on rates in January 2016, a number of commentators, spurred by the US rate rise, began to suggest a UK rate rise may be very soon. The decision, of course, was “hold”.

At the end of another tumultuous week (W/E 29/01/16) in global financial markets, one of the most notable developments in the UK has been the further drop in interest rate expectations. A couple of weeks previous, markets’ expectations (as inferred from overnight interest rates) were for rates to start rising at the end of this year, now markets don’t seem to expect a hike until the very end of 2017.

It should be noted, however, that Bank of England chief economist Andy Haldane, arch “dove” of the Monetary Policy Committee, said in September 2015 that the case for UK raising interest rates was “some way from being made” and that negative rates may still be needed.

Report of the Manager (continued)

UK Interest Rates (continued)

Even after the first rise, the market is pricing in only very slow increases, far slower than seen in previous cycles of rising rates. A return to 3% is not expected until 2025.

The Bank of England's quarterly Inflation Report (November 2015) captured market predictions, suggesting a notional rate of 1.1% by the end of 2016, 1.7% by the end of 2017 and 2.3% by the end of 2018.

This poor forecasting has been going on throughout the financial crisis. Economists have largely failed to grasp the vast headwinds facing Western economies and the UK, and stood by forecasts that a base rate rise was around the corner.

The harsh reality of Britain's economic situation, colossal state and consumer debts and the end of an economic expansion driven by baby boomers who are now retiring could mean many more years of low rates (even if those low rates may be damaging in other ways). The global situation could also contribute further deflationary pressure.

Lloyds Investment Fund Managers Limited

8 February 2016

Statements of Financial Position

As at 31 December 2015

	Notes	Company £	Sterling £
Assets			
Cash and cash equivalents	7	4,062,574	4,062,574
Receivables:	7		
7 days or under		7,204,006	7,204,006
8 days to 14 days		3,023,011	3,023,011
15 days to 1 month		4,069,664	4,069,664
1 month to 3 months		16,279,153	16,279,153
		30,575,834	30,575,834
Creations receivable		1,175	1,175
Accrued income and other debtors	4	249,090	11,061
Total Assets		34,888,673	34,650,644
Equity			
Deferred share capital	13	64	—
Total Equity		64	—
Accrued expenses and other creditors	5	15,882	15,882
Nominal Shares	13	237,965	—
Total Liabilities*		253,847	15,882
Net assets attributable to holders of participating redeemable preference shares	15	34,634,762	34,634,762
Total Liabilities and Equity		34,888,673	34,650,644

* Excluding net assets attributable to holders of participating redeemable preference shares

The financial statements on pages 10 to 37 were approved by the Board of Directors on 8 February 2016 and are signed on their behalf by:

R.D. Willcox
B. C. James } Directors

The notes on pages 22 to 37 form an integral part of these financial statements.

Statements of Financial Position (continued)

As at 30 June 2015

	Notes	Company US\$	Sterling £	Australian AU\$ (closed 20 February 2015)
Assets				
Cash and cash equivalents	7	9,683,778	6,157,430	—
Receivables:	7			—
8 days to 14 days		15,293,165	9,724,159	—
15 days to 1 month		22,527,235	14,323,942	—
1 month to 3 months		4,725,685	3,004,827	—
		42,546,085	27,052,928	—
Creations receivable		1,216	773	—
Accrued income and other debtors	4	389,073	9,075	—
Total Assets		52,620,152	33,220,206	—
Equity				
Deferred share capital	13	100	—	—
Total Equity		100	—	—
Cancellation payable		169,065	107,500	—
Accrued expenses and other creditors	5	36,724	23,351	—
Nominal Shares	13	374,701	—	—
Total Liabilities*		580,490	130,851	—
Net assets attributable to holders of participating redeemable preference shares	15	52,039,562	33,089,355	—
Total Liabilities and Equity		52,620,152	33,220,206	—

* Excluding net assets attributable to holders of participating redeemable preference shares

The notes on pages 22 to 37 form an integral part of these financial statements.

Statements of Financial Position (continued)

As at 30 June 2015

	Euro € (closed 20 February 2015)	New Zealand NZ\$ (closed 20 February 2015)	US Dollar US\$ (closed 20 February 2015)
Assets			
Cash and cash equivalents	—	—	—
Receivables:			
8 days to 14 days	—	—	—
15 days to 1 month	—	—	—
1 month to 3 months	—	—	—
Creations receivable	—	—	—
Accrued income and other debtors	—	—	—
Total Assets	—	—	—
Equity			
Deferred share capital	—	—	—
Total Equity	—	—	—
Cancellation payable	—	—	—
Accrued expenses and other creditors	—	—	—
Nominal Shares	—	—	—
Total Liabilities*	—	—	—
Net assets attributable to holders of participating redeemable preference shares	—	—	—
Total Liabilities and Equity	—	—	—

* Excluding net assets attributable to holders of participating redeemable preference shares

Statements of Comprehensive Income

For the six month period ended 31 December 2015

	Notes	Company	Sterling
		£	£
Operating profit/ (loss)			
Investment income		93,774	93,774
Operating expenses	6	(64,629)	(64,629)
Increase in net assets attributable to holders of participating redeemable preference shares from operations		29,145	29,145

For the six month period ended 31 December 2014

	Notes	Company	Sterling	Australian
		US\$	£	AU\$ (closed 20 February 2015)
Operating profit/ (loss)				
Investment income		625,981	193,262	164,702
Operating expenses	6	(345,973)	(149,464)	(63,269)
Increase/(Decrease) in net assets attributable to holders of participating redeemable preference shares from operations		280,008	43,798	101,433

The notes on pages 22 to 37 form an integral part of these financial statements.

Statements of Comprehensive Income

For the six month period ended 31 December 2014

	Euro	New Zealand	US Dollar
	€	NZ\$	US\$
	(closed 20 February 2015)	(closed 20 February 2015)	(closed 20 February 2015)
Operating profit/ (loss)			
Investment income	136	203,066	5,497
Operating expenses	4,048	(49,194)	(14,376)
Increase/(Decrease) in net assets attributable to holders of participating redeemable preference shares from operations	4,184	153,872	(8,879)

The notes on pages 22 to 37 form an integral part of these financial statements.

Statements of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the six month period ended 31 December 2015

	Company £	Sterling £
Net assets attributable to holders of participating redeemable preference shares as at 1 July	33,089,355	33,089,355
Creation of participating redeemable preference shares issued	8,008,752	8,008,752
Redemption of participating redeemable preference shares	(6,492,490)	(6,492,490)
Net increase from share transactions	1,516,262	1,516,262
Increase in net assets attributable to holders of participating redeemable preference shares from operations	29,145	29,145
Movement in currency translation	—	—
Net assets attributable to holders of participating redeemable preference shares as at 31 December	34,634,762	34,634,762

For the six month period ended 31 December 2014

	Company US\$	Sterling £	Australian AU\$ (closed 20 February 2015)
Net assets attributable to holders of participating redeemable preference shares as at 1 July	175,345,066	74,013,392	12,527,301
Creation of participating redeemable preference shares issued	12,396,016	5,551,340	3,455,738
Redemption of participating redeemable preference shares	(23,569,749)	(6,227,759)	(5,125,246)
Net (decrease) from share transactions	(11,173,733)	(676,419)	(1,669,508)
Increase/ (decrease) in net assets attributable to holders of participating redeemable preference shares from operations	280,006	43,798	101,433
Movement in currency translation	(15,083,007)	—	—
Net assets attributable to holders of participating redeemable preference shares as at 31 December	149,368,332	73,380,771	10,959,226

The notes on pages 22 to 37 form an integral part of these financial statements.

Statements of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the six month period ended 31 December 2014

	Euro € (closed 20 February 2015)	New Zealand NZ\$ (closed 20 February 2015)	US Dollar US\$ (closed 20 February 2015)
Net assets attributable to holders of participating redeemable preference shares as at 1 July	7,205,139	14,216,565	14,657,683
Creation of participating redeemable preference shares issued	86,509	—	385,907
Redemption of participating redeemable preference shares	(1,390,198)	(5,101,134)	(3,445,619)
Net (decrease) from share transactions	(1,303,689)	(5,101,134)	(3,059,712)
Increase/ (decrease) in net assets attributable to holders of participating redeemable preference shares from operations	4,184	153,872	(8,879)
Movement in currency translation	—	—	—
Net assets attributable to holders of participating redeemable preference shares as at 31 December	5,905,634	9,269,303	11,589,092

The notes on pages 22 to 37 form an integral part of these financial statements.

Cash Flow Statements

For the six month period ended 31 December 2015

	Company	Sterling
	£	£
Cash flows from operating activities		
Investment income received	91,787	91,787
Operating expenses paid	(72,098)	(72,098)
Net Movement in deposit placements	(3,522,906)	(3,522,906)
Net cash inflow from operating activities	(3,503,217)	(3,503,217)
Cash flows from financing activities		
Proceeds received from issue of participating redeemable preference shares	8,008,351	8,008,351
Payments on redemption of participating redeemable preference shares	(6,599,990)	(6,599,990)
Net cash from financing activities	1,408,361	1,408,361
Net decrease in cash and cash equivalents	(2,094,856)	(2,094,856)
Cash and cash equivalents as at 1 July	6,157,430	6,157,430
Movement in currency translation	—	—
Cash and cash equivalents as at 31 December	4,062,574	4,062,574

The notes on pages 22 to 37 form an integral part of these financial statements.

Cash Flow Statements (continued)

For the six month period ended 31 December 2014

	Company US\$	Sterling £	Australian AU\$ (closed 20 February 2015)
Cash flows from operating activities			
Investment income received	639,243	197,824	165,949
Operating expenses paid	(404,360)	(158,736)	(65,310)
Net Movement in deposit placements	20,861,678	1,970,641	1,393,912
Net cash inflow from operating activities	21,096,561	2,009,729	1,494,551
Cash flows from financing activities			
Proceeds received from issue of participating redeemable preference shares	12,108,454	5,374,716	3,455,738
Payments on redemption of participating redeemable preference shares	(23,362,921)	(6,323,542)	(4,995,211)
Net cash outflow from financing activities	(11,254,467)	(948,826)	(1,539,473)
Net increase/(decrease) in cash and cash equivalents	9,842,094	1,060,903	(44,922)
Cash and cash equivalents as at 1 July	27,405,758	13,796,875	300,427
Movement in currency translation	(3,034,055)	—	—
Cash and cash equivalents as at 31 December	34,213,797	14,857,778	255,505

The notes on pages 22 to 37 form an integral part of these financial statements.

Cash Flow Statements (continued)

For the six month period ended 31 December 2014

	Euro € (closed 20 February 2015)	New Zealand NZ\$ (closed 20 February 2015)	US Dollar US\$ (closed 20 February 2015)
Cash flows from operating activities			
Investment income received	540	207,822	5,962
Operating expenses paid	(10,121)	(65,134)	(25,189)
Net Movement in deposit placements	5,208,685	7,315,347	3,962,009
Net cash inflow from operating activities	5,199,104	7,458,035	3,942,782
Cash flows from financing activities			
Proceeds received from issue of participating redeemable preference shares	86,509	—	385,907
Payments on redemption of participating redeemable preference shares	(1,435,260)	(5,063,129)	(3,182,984)
Net cash outflow from financing activities	(1,348,751)	(5,063,129)	(2,797,077)
Net increase/(decrease) in cash and cash equivalents	3,850,353	2,394,906	1,145,705
Cash and cash equivalents as at 1 July	2,058,871	461,293	308,989
Movement in currency translation	—	—	—
Cash and cash equivalents as at 30 June	5,909,224	2,856,199	1,454,694

The notes on pages 22 to 37 form an integral part of these financial statements.

Notes to the Financial Statements

For the six month period ended 31 December 2015

1. The Company

The Company is domiciled and incorporated as a limited liability company in Jersey, Channel Islands, United Kingdom under the Companies (Jersey) Law 1991. It is listed on the Channel Islands Securities Exchange Authority and on the Malta Stock Exchange. Full details of the Company, Investment Objectives and Policy and Report of the Directors are stated on pages 2 to 6.

2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ('IFRS') on the going concern basis. The Company is an open ended investment Company which until 20 February 2015 comprised five currency classes, these being Australian Dollar, Euro, New Zealand Dollar, Sterling and US Dollar. Since the closure of the New Zealand Dollar, US Dollar, Australian Dollar and Euro classes of the Fund the Directors consider that preparing these accounts on a going concern basis remains appropriate.

The policies set out below have been consistently applied to all periods presented and all share classes.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss and in accordance with the Companies (Jersey) Law 1991 and with the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended). Jersey is not part of the United Kingdom ('UK') and the Company is not regulated by the Financial Conduct Authority ('FCA') or the Prudential Regulation Authority ('PRA') of the UK.

The capital of the Company comprises of one class of shares relating to a single portfolio ("Class") consisting of bank deposits, cash and other sundry assets and liabilities. These financial statements present the statements of financial position, statements of comprehensive income, statements of changes in net assets attributable to holders of participating redeemable preference shares, cash flow statements, investment portfolios, notes to the financial statements, performance records and net asset value per share tables. At the Statement of Financial Position date there was one Class in existence; Sterling (2014: five classes in existence; Australian dollar, Euro, New Zealand dollar, Steling and US dollar). The Directors may from time to time create further Classes (Funds).

The net assets attributable to holders of participating redeemable preference shares are classified as financial liabilities and therefore, in the opinion of the Directors, the Capital of the Company is only represented by the Deferred Shares. Details of Deferred Shares, Participating shares and Nominal shares are disclosed in Notes 3 and 13.

Significant accounting estimates and judgements

The Company makes assumptions and estimates that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The accounting policies deemed significant to the Company's results and financial position, based upon materiality and significant judgements and estimates, are discussed in the following notes. See Note 3 for further details on what are considered to be the significant accounting estimates and judgements.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all periods presented, unless otherwise stated in the following text:

The Directors also monitor new standards and ensure that they are applied when relevant.

3.1 The following New and revised standards, amendments and interpretations have been published but are not yet effective:

- IFRS 9, 'Financial Instruments' (effective from 1 January 2018).
- IFRS 10, 'Consolidated financial statements' (amendment) (effective from 1 January 2016).
- IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2017).
- IAS 28, 'Associates and joint ventures' (amendment) (effective from 1 January 2016).

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

Functional currency and presentational currency

The financial statements of the Company have been prepared in accordance with IAS21 (functional and presentational currency). IAS21 defines functional currency as "the currency of the primary economic environment in which the entity operates", and presentational currency as "the currency in which the financial statements are presented".

There is no change to the functional or presentational currency of the Sterling class, however, following the closure of the Australian dollar, Euro, New Zealand dollar and US dollar classes on 20 February 2015 the Directors agreed that from 1 July 2015 the functional and presentational currency of the Lloyds Money Fund Limited should be reflected in Sterling, as this better represents the primary economic environment in which the entity continues to operate.

Prior to 30 June 2015 the Directors had adopted US dollars as the functional and presentational currency.

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2015

3. Summary of Significant Accounting Policies (continued)

Segmental reporting

The Company, at the statement of financial position date is organised into one main business segment, focussing on achieving returns by investing in sterling denominated bank deposits, all assets and liabilities are valued in sterling, the Company has no exposure to currencies other than sterling with the exception of the Capital of the Company which has a nominal value of US\$0.01 per share (see note 3 - Share Capital).

The Company issues Shares which are allocated to the currency Class selected by the investor. A separate account is maintained for each Class, to which proceeds of issue, the income arising from those proceeds and expenses are allocated. Upon redemption shareholders are entitled to their proportion of the net assets held in the Class in which their Shares have been designated.

A Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares and Cash Flow Statement have been prepared for each Class as well as for the Company as a whole.

Foreign currency translation

Assets and liabilities are translated at the rate of exchange ruling at the statement of financial position date. The currency profits or losses arising on translation, together with currency profit or losses realised during the period, are recognised in the statement of comprehensive income.

Share premium and share capital transactions are translated into US dollars at the exchange rate ruling at the time of the transaction.

Cash at bank

Cash balances are current account balances held at call with a maturity of 3 months or less.

Receivables

Receivables are currency deposits with fixed or determinable payment dates. Receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method ('EIR'). This is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The EIR is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability, or, when appropriate, a shorter period.

Revenue recognition

Bank interest is recognised in the statement of comprehensive income on a time proportionate basis using the EIR method.

Share capital

- (i) The Deferred Shares have been subscribed for by the Manager and are 'non-participating'. The holders thereof are entitled only to income arising on the assets represented by the Deferred Shares. These Shares are classified as equity share capital in the statement of financial position.
- (ii) Shares may be issued as either participating redeemable preference shares ('Participating Shares') or Nominal Shares. Participating Shares are redeemable at the shareholder's option and are classified as financial liabilities. Each holder of a Participating Share is entitled, on a poll, to one vote for each Participating Share held.
- (iii) Nominal Shares have been accounted for in accordance with the Companies (Jersey) Law 1991 and corresponding amounts have been included in receivables and financial liabilities.

Shares are deemed to be in issue at the date of allotment although if necessary declarations are not received by the Company, such allotment may be cancelled.

A Nominal Share will be created when a Participating Share is cancelled. A Nominal Share will be cancelled when a Participating Share is created until the number of Nominal Shares falls to zero.
- (iv) Both issued Nominal and Participating Shares have a nominal value of US\$ 0.01 per Share.

Details of the Company's share capital and transactions during the period are shown in Note 13.

Share premium

The premium on issue and redemption of Participating Shares is accounted for within the Share premium account which forms part of the net assets attributable to holders of participating redeemable preference Shares. Upon redemption the premium payable is debited to the share premium account of each currency Class. In the event that redemptions during the period take the share premium account into a negative position, sufficient monies will be transferred from reserves to cover said position. Details are shown in Note 14.

Administration and audit fees

Administration and audit fees are allocated to each Class based on the average net asset values. As the Company is now only represented by Sterling Class, all administration and audit fees are borne by the Sterling Class.

Accrued income and expenses

Accrued income and expenses are recognised initially at fair value and subsequently stated at amortised cost using the EIR.

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2015

4. Accrued Income and Other Debtors

	Company £	Sterling £	
As at 31 December 2015			
Accrued Income	11,061	11,061	
Nominal Shares	237,965	—	
Other debtors	64	—	
Total accrued income and other debtors	249,090	11,061	
	Company US\$	Sterling £	Australian AU\$ (closed 20 February 2015)
As at 30 June 2015			
Accrued Income	14,272	9,075	—
Nominal Shares	374,701	—	—
Other debtors	100	—	—
Total accrued income and other debtors	389,073	9,075	—

5. Accrued Expenses and Other Creditors

	Company £	Sterling £	
As at 31 December 2015			
Due to Manager	7,878	7,878	
Due to Custodian	2,047	2,047	
Other Creditors	5,957	5,957	
Total accrued expenses and other creditors	15,882	15,882	
	Company US\$	Sterling £	Australian AU\$ (closed 20 February 2015)
As at 30 June 2015			
Due to Manager	12,113	7,702	—
Due to Custodian	3,139	1,996	—
Other Creditors	21,472	13,653	—
Total accrued expenses and other creditors	36,724	23,351	—

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2015

4. Accrued Income and Other Debtors

	Euro € (closed 20 February 2015)	New Zealand NZ\$ (closed 20 February 2015)	US Dollar US\$ (closed 20 February 2015)
As at 30 June 2015			
Accrued Income	—	—	—
Nominal Shares	—	—	—
Other debtors	—	—	—
Total accrued income and other debtors	—	—	—

5. Accrued Expenses and Other Creditors

	Euro € (closed 20 February 2015)	New Zealand NZ\$ (closed 20 February 2015)	US Dollar US\$ (closed 20 February 2015)
As at 30 June 2015			
Due to Manager	—	—	—
Due to Custodian	—	—	—
Other Creditors	—	—	—
Total accrued expenses and other creditors	—	—	—

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2015

6. Operating Expenses

		Company	Sterling	
		£	£	
Period ended 31 December 2015				
Payable to the Manager:				
Annual management fees	9	38,473	38,473	
Payable to the Custodian:				
Custodian fees	10	11,061	11,061	
Other expenses:				
Administration expenses		13,795	13,795	
Audit fee		1,300	1,300	
Total expenses		64,629	64,629	
Total Expense Ratio*			0.34%	
		Company	Sterling	Australian
		US\$	£	AU\$
Period ended 31 December 2014				(closed 20 February 2015)
Payable to the Manager:				
Annual management fees	9	287,433	112,664	54,757
Payable to the Custodian:				
Custodian fees	10	46,619	21,225	3,705
Other expenses:				
Administration expenses		4,784	14,425	3,657
Audit fee		7,137	1,150	1,150
Total expenses		345,973	149,464	63,269
Total Expense Ratio*			0.41%	N/A

* Total Expense Ratio ("TER"), represents the management fee and all other operating expenses (broken down above), expressed as an annualised percentage of the average daily net asset values for the six month period ended 31 December.

The TER is no longer considered meaningful for those Classes closed during the period (Australian Dollar, Euro, New Zealand Dollar and US Dollar Classes). As a consequence, the TER is only disclosed for the Sterling Class.

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2015

6. Operating Expenses

	Euro	New Zealand	US Dollar
Period ended 31 December 2014	€	NZ\$	US\$
	(closed 20 February 2015)	(closed 20 February 2015)	(closed 20 February 2015)
Payable to the Manager:			
Annual management fees	3,005	49,729	13,411
Payable to the Custodian:			
Custodian fees	1,968	3,364	3,856
Other expenses:			
Administration expenses	(10,171)	(5,399)	(4,491)
Audit fee	1,150	1,500	1,600
Total expenses	(4,048)	49,194	14,376
Total Expense Ratio*	N/A	N/A	N/A

* Total Expense Ratio, represents the management fee and all other operating expenses (broken down above), expressed as an annualised percentage of the average daily net asset values for the six month period ended 31 December.

The TER is no longer considered meaningful for those Classes closed during the period (Australian Dollar, Euro, New Zealand Dollar and US Dollar Classes). As a consequence, the TER is only disclosed for the Sterling Class.

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2015

7. Cash and Cash Equivalents / Receivables

Balances were held with the following banks as at 31 December 2015

	Equivalent credit rating*	Company £	Sterling £
Receivables			
Bank of Montreal	Aa3	6,096,757	6,096,757
BNP Paribas	A1	6,162,444	6,162,444
Royal Bank of Scotland Group	Baa2	6,125,197	6,125,197
Standard Chartered	Aa3	6,014,101	6,014,101
UBS	A2	6,177,335	6,177,335
Total Deposits		30,575,834	30,575,834
Cash at bank Lloyds Banking Group	A1	4,062,574	4,062,574
Total		34,638,408	34,638,408

*As at 31 December 2015

Balances were held with the following banks as at 30 June 2015

	Equivalent credit rating**	Company US\$	Sterling £	Australian AU\$ (closed 20 February 2015)
Receivables				
ABN Amro	A2	9,572,582	6,086,727	—
Bank of Montreal	Aa3	9,676,108	6,152,554	—
BNP Paribas	A1	8,093,284	5,146,114	—
Royal Bank of Scotland Group	Baa2	4,722,214	3,002,620	—
UBS	A2	10,481,897	6,664,913	—
Total Deposits		42,546,085	27,052,928	—
Cash at bank Lloyds Banking Group	A1	9,683,778	6,157,430	—
Total		52,229,863	33,210,358	—

**As at 30 June 2015

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2015

7. Cash and Cash Equivalents / Receivables

Balances were held with the following banks as at 30 June 2015

Receivables	Equivalent credit rating**	Euro	New Zealand	US Dollar
		€	NZ\$	US\$
		(closed 20 February 2015)	(closed 20 February 2015)	(closed 20 February 2015)
ABN Amro	A2	—	—	—
Bank of Montreal	Aa3	—	—	—
BNP Paribas	A1	—	—	—
Royal Bank of Scotland Group	Baa2	—	—	—
UBS	A2	—	—	—
Total Deposits		—	—	—
Cash at bank Lloyds Banking Group	A1	—	—	—
Total		—	—	—

**As at 30 June 2015

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2015

8. Contingent Liabilities

The Company has no current or foreseeable contingent liabilities.

9. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the party in making financial or operating decisions. The following are considered by the Directors of the Company to be related parties:

- The Manager, Lloyds Investment Fund Managers Limited.
- Key management personnel

The fees received by the Manager are set out in Note 6. Details of amounts due to the Manager at the end of the period are shown in Note 5.

All investor share transactions in the Company are facilitated through the manager, the aggregate values of which are set out in the statement of changes in net assets attributable to holders of participating redeemable preference shares on pages 16 and 17.

(a) Management fees

The Manager of the Company, Lloyds Investment Fund Managers Limited, is part of the Lloyds Bank Group of companies. The Manager is entitled to a daily fee equal to an annual rate not exceeding 1.5% of the net assets of the relevant Class.

In view of the low level of interest rates available in sterling the Manager agreed to temporarily reduce its management fee as follows.

Class	Effective Date	Previous Rate	Current Rate
Sterling	7 Nov 14	0.35%	0.20%

It is the intention that the reduction in respect of the Sterling Class is for a temporary period only and the fees will revert to the former levels when market conditions allow. Investors will be given at least 90 days' prior written notice of the ending of the reduction.

(b) Key management personnel

The following Directors of the Company at 31 December 2015 are employees of Lloyds Banking Group: I.M.J Hardy, B.C.James, B. Lysiak and R.D.Willcox. T.J. Herbert is a consultant to Mourant Ozannes, who are the Jersey legal advisers to the Company and the Manager.

I.M.J Hardy, B.C.James and R.D.Willcox are Directors of the Manager, Lloyds Investment Fund Managers Limited.

(c) Directors' Fees

Directors who are employees of the Lloyds Banking Group do not receive Directors' fees. All other Directors currently receive a fee of £5,000 per annum (2014: £5,000 per annum).

(d) Cash and cash equivalents

There is a current deposit held with Lloyds Banking Group. Lloyds Investment Fund Managers Limited, who act as Manager and Registrar, and Lloyds Corporate Services (Jersey) Limited, who act as Secretary are part of the Lloyds Banking Group of companies. Refer to Note 7 for more details.

10. Custodian

The fees received by the Custodian are set out in Note 6. Details of amounts due to the Custodian at the end of the period are shown in Note 5.

The Custodian is entitled to an annual fee payable monthly by the Company, in respect of each Class, equal to an annual rate not exceeding 0.2% of the net assets of the relevant Class. In respect of Sterling Class the Custodian currently levies a daily fee at the reduced rate of 0.0575% per annum of the net assets of that Class.

The Custodian is entitled to reimbursement by each currency Class of its expenses in connection with its duties as Custodian and to make transaction charges to cover the cost of effecting settlement of bank deposits and cash.

11. Controlling Party

In the opinion of the directors, there is no ultimate controlling party of the Company as defined by International Accounting Standard (IAS) 24 Related Party Disclosures.

12. Commissions

The Company does not pay or receive any commissions in respect of any business introduced or placed.

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2015

13. Share Capital

	31 December 2015		30 June 2015	
	Shares	US\$		US\$
Authorised Share Capital:				
100 Deferred Shares of US\$1 each	100	100		100
50,000,000 Unclassified Shares of US\$0.01 each	500,000	500,000		500,000
	500,100	500,100		500,100
	31 December 2015		30 June 2015	
	Shares	Value US\$	Shares	Value US\$
Issued Share Capital				
Deferred Shares	100	100	100	100
Total issued Share Capital (Sterling equivalent)		64		N/A
Nominal Shares:				
Balance brought forward	37,470,250	374,701	36,169,306	361,692
Creations	123,418	1,234	1,483,202	14,832
Redemptions	(152,309)	(1,523)	(182,258)	(1,823)
Balance carried forward	37,441,359	374,412	37,470,250	374,701
Total Nominal Shares (Sterling equivalent)		237,965		N/A
Participating Shares in issue				
	31 December 2015		30 June 2015	
	Shares	Value US\$	Shares	Value US\$
Class				
Sterling	658,234	6,685	629,343	6,296
Total US Dollar	658,234	6,685	629,343	6,296
	Shares	£	Shares	£
Total Company (Sterling equivalent)	658,234	4,466	629,343	4,002

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2015

13. Share Capital (continued)

Issued Share Capital	Shares	Company	Sterling	
		£	£	
Participating redeemable preference shares of US 1 cent each fully paid as at 1 July	629,343	4,002	4,002	
Issued during the period	152,309	1,523	1,523	
Redeemed during the period	(123,418)	(1,234)	(1,234)	
Transfer from share premium	—	175	175	
Participating redeemable preference shares as at 30 December	658,234	4,466	4,466	
Deferred shares of US\$1 each fully paid	100	64	—	
	Shares	Company	Sterling	Australian
		US\$	£	AU\$ (closed 20 February 2015)
Participating redeemable preference shares of US 1 cent each fully paid as at 1 July	1,930,287	19,305	5,982	1,960
Issued during the period	182,258	1,823	1,474	246
Redeemed during the period	(1,483,202)	(14,832)	(9,280)	(2,206)
Transfer from share premium	—	—	5,826	—
Participating redeemable preference shares as at 30 June	629,343	6,296	4,002	—
Deferred shares of US\$1 each fully paid	100	100	—	—
Total as at 30 June 2015	629,443	6,396	4,002	—

14. Share Premium

The share premium arises on the participating redeemable preference shares of US 1 cent each fully paid

	Company	Sterling	
	£	£	
As at 1 July	—	—	
Issued during the period	8,007,229	8,007,229	
Redeemed during the period	(6,491,256)	(6,491,256)	
Transfer of accumulated income	—	—	
Transfer to share capital	(175)	(175)	
As at 31 December 2015 (Sterling equivalent)	1,515,798	1,515,798	
	Company	Sterling	Australian
	US\$	£	AU\$ (closed 20 February 2015)
As at 1 July	23,493,355	15,098,323	—
Issued during the period	16,505,799	7,737,049	4,241,202
Redeemed during the period	(122,871,532)	(48,756,627)	(16,892,216)
Transfer of accumulated income	82,872,378	25,927,081	12,651,014
Transfer to share capital	—	(5,826)	—
As at 30 June 2015	—	—	—

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2015

13. Share Capital (continued)

	Euro	New Zealand	US Dollar
	€	NZ\$	US\$
	(closed 20 February 2015)	(closed 20 February 2015)	(closed 20 February 2015)
Participating redeemable preference shares of US 1 cent each fully paid as at 1 July	2,761	2,594	2,417
Issued during the period	33	—	69
Redeemed during the period	(2,794)	(2,594)	(2,486)
Transfer from share premium	—	—	—
Participating redeemable preference shares as at 30 June	—	—	—
Deferred shares of US\$1 each fully paid	—	—	—
Total as at 30 June 2015	—	—	—

14. Share Premium

	Euro	New Zealand	US Dollar
	€	NZ\$	US\$
	(closed 20 February 2015)	(closed 20 February 2015)	(closed 20 February 2015)
As at 1 July	—	—	—
Issued during the period	181,671	—	416,381
Redeemed during the period	(7,390,082)	(14,402,974)	(15,058,555)
Transfer of accumulated income	7,208,411	14,402,974	14,642,174
Transfer to share capital	—	—	—
As at 30 June 2015	—	—	—

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2015

15. Net assets attributable to holders of participating redeemable preference shares

	Notes	Company	Sterling	
		£	£	
As at 31 December 2015				
Share capital	13	4,466	4,466	
Share premium	14	1,515,798	1,515,798	
Accumulated income		33,114,498	33,114,498	
Net assets attributable to holders of participating redeemable preference shares (Sterling equivalent)		34,634,762	34,634,762	
		Company	Sterling	Australian
		US\$	£	AU\$
				(closed 20 February 2015)
As at 30 June 2015				
Share capital	13	6,296	4,002	—
Share premium	14	—	—	—
Accumulated income		52,006,188	33,085,353	—
Currency Translation reserve		27,078	—	—
Net assets attributable to holders of participating redeemable preference shares		52,039,562	33,089,355	—

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2015

15. Net assets attributable to holders of participating redeemable preference shares

As at 30 June 2015	Euro € (closed 20 February 2015)	New Zealand NZ\$ (closed 20 February 2015)	US Dollar US\$ (closed 20 February 2015)
Share capital	—	—	—
Share premium	—	—	—
Accumulated income	—	—	—
Currency Translation reserve	—	—	—
Net assets attributable to holders of participating redeemable preference shares	—	—	—

16. Taxation

In accordance with International Accounting Standard (IAS) 12 Income Taxes, investment income is shown gross of withholding tax. No withholding tax has been suffered by the Company during the period.

The Company is liable to be charged at a tax rate of 0% under Schedule D of 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 outside 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 outside 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 Income Tax Law other than Schedule D. As such the Company is no longer subject to the payment of tax in Jersey.

17. Financial risk management

Strategy in using financial instruments

The Company's investment objective is to offer the individual and corporate investor a high degree of protection and access to wholesale money markets, whilst maintaining a competitive level of return and ready availability of funds. These objectives are achieved through the placement of cash deposits in the respective base currency of the Class. The holding of deposits and investment activities pursuant to these objectives involve certain risks. Events may occur that would result in a reduction in the Company's net assets.

The Company's assets and liabilities comprise financial instruments, which may include:

- Investments in fixed-interest bank deposits, held in accordance with the Company's investment policies and objectives; and
- short-term debtors and creditors that arise directly from its investing activities.

Set out on the following pages are descriptions of the principal risks associated with the Company's activities, together with the manner in which it manages these risks.

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2015

17. Financial risk management (continued)

Interest rate risk

The Company invests in fixed-rate bank deposits up to a maximum maturity of six months. The maturity profile at the period end is disclosed in the statement of financial position. Any changes to the interest rates for fixed rate bank deposits available in the market may result in the Manager being unable to secure similar returns on the maturity of these deposits. In accordance with the Company's policy, the Manager monitors the Fund's overall interest rate sensitivity on a daily basis, and the Board of Directors reviews it on a quarterly basis.

At the period end all receivables were placed at fixed rates. All cash at bank was held on call in Lloyds Banking Group bank accounts.

Period end weighted average effective interest rate:

Class	%
Sterling	0.39

The table below summarises the impact of increases/ (decreases) in the market interest rates on the cash assets held by the Company at 31 December 2015. The analysis is based on the assumption that the market interest rates increase/ (decrease) by 1% with all other variables held constant. This represents the Managers best estimate of a reasonable possible shift in the interest rates, having regard to historical volatility of those rates. The analysis also assumes that the movement in the portfolio is directly correlated with market interest rates.

Foreign currency risk

As shareholders invest in and redeem specific currency Classes the Company's aggregated statements of financial position, aggregated income statements, aggregated statements of changes in net assets attributable to holders of participating redeemable preference shares and aggregated cash flow statements are used for aggregation purposes only.

Counter-party risk

Certain transactions that the Company enters into exposes it to the risk that the counter-party will not settle on the investment after the Company and the Manager have fulfilled their responsibilities. The Company places deposits only with banks that have been approved by the Manager as an acceptable counterparty (see Note 7 for the credit rating of the institutions with which the deposits are held). In addition, limits are set as to the maximum exposure of each class (20%) to any bank that may exist at any time, these limits are reviewed regularly and are subject to annual renewal.

The risk to Shareholders is that we will not have enough cash to cover redemptions. To counter this risk each Fund's cash is managed to meet its liabilities. Where investments cannot be realised in time to meet any redemptions of Participating Shares, each Fund may borrow up to 10% of its value to ensure settlement of its liabilities. No such borrowings have arisen during the period.

End of Period / Year	Class	Cash Assets (base currency)	Cash 1% Movement in interest rate
31.12.15	Sterling	34,638,408	346,384
30.06.15	Sterling	33,210,358	332,104

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2015

17. Financial risk management (continued)

Capital risk management

The net assets attributable to holders of participating redeemable preference shares are classified as financial liabilities and therefore, in the opinion of the Directors, the Capital of the Company is only represented by the Deferred Shares. Details of Deferred Shares are shown in note 3 and 13. Due to the nature and requirement for Deferred Shares the Directors have decided that no active capital risk management is required.

Fair value estimation

The fair value estimation required by IFRS 13 is not applicable to the Sterling Class as there are no financial instruments measured at fair value.

Liquidity risk

The main liquidity risk of the Company is the redemption of any shares investors wish to sell from time to time. To counter this risk the Company maintains at least 35% of each Class in deposits realisable within fourteen days.

In accordance with the Company's policy, the Manager monitors the liquidity position of the Sterling Class on a daily basis, and the Board of Directors reviews it on a quarterly basis. The liquidity profile is stated within the statements of financial position on pages 10 to 13.

The Manager may with prior agreement of the Custodian and Directors suspend the repurchase of shares for a period not exceeding 28 days.

The following table analyses the Company's financial liabilities into relevant maturity groups based on the remaining period at the statement of financial position date to the contractual maturity date. The carrying value of the liabilities approximates to fair value at 31 December.

	Less than 1 Month	1 - 3 Months	Total
As at 31 December 2015	£	£	£
Share Capital	34,872,791	—	34,872,791
Cancellations	—	—	—
Accrued expenses	9,925	5,957	15,882
Total financial liabilities	34,882,716	5,957	34,888,673
As at 30 June 2015	US\$	US\$	US\$
Share Capital	52,414,363	—	52,414,363
Cancellations	169,065	—	169,065
Accrued expenses	15,252	21,472	36,724
Total financial liabilities	52,598,680	21,472	52,620,152

18. Events After the Period End Date

There has not arisen in the interval between the end of the financial period and the date of this report, any other item, transaction or event of a material nature likely in the opinion of the Directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in subsequent financial periods.

Performance Record

For the six month period ended 31 December 2015

Shares in the Fund were first offered to the public on the 23 November 1983 at an offer price of £10.00 per share.

Calendar Year	Highest Offer Price	Lowest Bid Price
2011	52.323	52.223
2012	52.414	52.325
2013	52.483	52.415
2014	52.525	52.470
2015	52.618	52.525

Net Asset Value per Share

For the six month period ended 31 December 2015

Year	Net Asset Value of Fund	Net Asset Value per Share	No. of Shares in Issue
30.06.12	58,737,140	52.380	1,121,356
30.06.13	82,273,547	52.440	1,568,916
30.06.14	74,013,392	52.494	1,409,947
30.06.15	33,089,355	52.578	629,343
31.12.15	34,634,762	52.618	658,234

For more information please go to [http://international.lloydsbank.com/
international-investments/funds](http://international.lloydsbank.com/international-investments/funds) or call us on 01534 845 555

