LLOYDS GILT FUND LIMITED

Annual Report and Audited Financial Statements

For the year ended 30 September 2017

Contents

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

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

Investment Manager

Aberdeen Asset Investments Limited
Bow Bells House,
1 Bread Street,
London,
EC4M 9HH.

Custodian

Link Corporate Services (Jersey) Limited
previously 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 Auditor

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,
Isle of Man, IM99 1JJ.

Investment Objective and Policy

The investment objective of Lloyds Gilt Fund Limited (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 main area of investment is those British Government Securities in respect of which persons ordinarily resident outside the United Kingdom ('UK') may receive income not subject to UK 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 shortdated stocks depending on economic conditions.

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

Directors' Profiles

Ross Davey Willcox (Chairman) – Head of International Products, Customer Products and Marketing, 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 Lloyds Investment Fund Managers Limited in 1999 and is currently Chairman/ Director of the Jersey based Fund Management Company. 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 57.

Ian Mark Jeremie Hardy – Senior Manager, International Products, Customer Products and Marketing, Lloyds Banking Group.

Joined the Lloyds Banking Group in 1981 and held a number of managerial positions before being appointed Director of Lloyds Investment Fund Managers Limited in 2000 and a Director of the Company in 2000. 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 58.

Timothy Joseph Herbert – Consultant, Mourant Ozannes.

Jersey born and educated. M.A. in jurisprudence Trinity College Oxford 1982. 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 57.

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

Joined the Lloyds Banking Group in 1988 and 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 1997. Current responsibilities include leading a team of specialists delivering operational support for a range of offshore investment products and services. A Chartered Director. Aged 55.

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 sales 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 52.

Report of the Directors

The Directors have pleasure in submitting their Annual Report together with the Audited Financial Statements for the year ended 30 September 2017.

The Company is domiciled and incorporated as a limited liability company in Jersey, Channel Islands under the Companies (Jersey) Law 1991 and is listed on The International Stock Exchange (formerly the Channel Islands Securities Exchange Authority) and the Malta Stock Exchange. Full details of the Company are stated on pages 2 to 7.

Results

The results for the year are set out in the financial statements on pages 16 to 40.

Distributions

Distributions for the year are detailed in Note 5 to the financial statements.

Directors

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

Mr I.M.J. Hardy (appointed 8 May 2000)
Mr T.J. Herbert (appointed 4 February 2005)
Mr B.C. James (appointed 12 March 1997)
Mr B. Lysiak (appointed 5 June 2014)
Mr R.D. Willcox (appointed 23 July 1998)

During the year ended 30 September 2017 and subsequently, no Director has had a beneficial interest in the Company.

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. These are disclosed in Note 10.

Mr I.M.J. Hardy, Mr B.C. James and Mr R.D. Willcox (Chairman), 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 9.

Investment Activities

The Report of the Investment Manager is set out on page 8.

Independent Auditor

PricewaterhouseCoopers CI LLP was reappointed as Independent Auditor at the Annual General Meeting held on 7 March 2017 and have indicated their willingness to remain in office.

Prospectus

Copies of the Prospectus dated July 2017 are available, free of charge, on application to the Manager. Alternatively they can be accessed on our website at:

International.lloydsbank.com/products-and-services/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 (unaudited), Change in Net Asset Value per Share (unaudited) and Distribution Table are stated on pages 41 to 46.

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 year which give a true and fair view of the state of affairs of the Company for that year and are in accordance with applicable laws.

Report of the Directors (continued)

Directors' Responsibilities (continued)

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 noncompliance with laws 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 Auditor is 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 Auditor is aware of that information.

Market Conditions

Based on the use of forecasting data, the Board currently anticipate that the total return on Government Bonds (in which the Fund invests) may drop, the returns may be less than a shareholder would receive from a savings account and could even be negative. The fund may still produce an income, but stock market movements could mean that total investment values could drop.

A letter was issued to all shareholders in November 2016 to make them aware of these performance expectations and which contained further detail on the matter.

Information Exchange

Jersey has entered into a number of information exchange agreements with the authorities of other jurisdictions.

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 19 of the financial statements.

Report of the Directors (continued)

Reporting Funds Regime

HM Revenue & Customs accepted the entry of the Company into the Reporting Funds Regime with effect from 1 October 2010 for the purposes of regulation 51 of the Offshore Funds (Tax) Regulations 2009.

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 Securities 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 Manager has the benefit of professional indemnity and directors' and officers' liabilities insurance coverage. The Manager also maintains an appropriate level of "own funds" to cover the equivalent professional liability risks set out in Alternative Investment Fund Managers Directive (AIFMD).

The market value per Share of the 'A' class as at 1 October 2016 was 140.10p (xd) and as at 30 September 2017 was 131.60p. The market value per Share of the 'B' class as at 1 October 2016 was 134.90p (xd) and as at 30 September 2017 was 126.40p.

The latest prices can be viewed on our website at:

http://international.lloydsbank.com/products-and-services/investments/international-funds/fund-prices/

The Company is listed on The International Stock Exchange (formerly the Channel Islands Securities Exchange Authority) and the Malta Stock Exchange.

UK Ring-fencing and Lloyds Investment Fund Managers Limited (the Manager)

Following the financial crisis, legislation was passed in the UK to strengthen the financial system, this is known as "ring-fencing". To comply with these requirements, Lloyds Banking Group is separating its activities into ring-fenced banks and a non-ring-fenced bank. Lloyds Bank plc, will be a ring-fenced bank and will not be permitted to operate a branch or subsidiary outside the European Economic Area (EEA). Lloyds Banking Group is transferring ownership of its Crown Dependency subsidiaries, including the Manager, to Lloyds Bank Corporate Markets plc, the new non-ring-fenced bank. These transfers will not affect your position and the protection you have as a shareholder in the Lloyds Gilt Fund Limited. The Manager will remain a member of Lloyds Banking Group and we expect these transfers to take place early in the second half of 2018.

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 Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts 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 accessable 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

9 January 2018

Report of the Investment Manager

Performance

The Company produced a return of-5.56% (monthly and quarterly distribution) over the year ended 30 September 2017, compared to a return of-3.56% in the FTSE British Government All Stocks index.

Background and Strategy

In the final three months of 2016 there was a perceived move from monetary policy to fiscal policy in the core government bond markets. Within Europe, market rumours persisted that the European Central Bank (ECB) was set to 'taper' its quantitative easing (QE) programme. Donald Trump's US Presidential election victory raised prospects of a huge expansion in infrastructure spending and fiscal policy in general. In the UK Prime Minister Theresa May also seemed to signal a potential move towards fiscal policy and away from monetary. The result of this overall theme was a global sell off in government bonds.

Yields continued to drift higher in January in the expectation of US fiscal stimulus. But as it became clear that Trump's plans faced obstacles in Congress, the upward move began to reverse. In February's Quarterly Inflation Report, the Bank of England's Monetary Policy Committee (MPC) reiterated its neutral stance, causing a repricing of interest rate hikes.

In the second quarter of 2017, a surprise early general election resulted in the Conservatives losing their majority and having to seek an agreement with Northern Ireland's Democratic Unionist Party. At the Bank of England's June MPC meeting, the final vote was a relatively close run 5-3 against raising interest rates. This, together with comments from the Bank's chief economist and governor, resulted in gilt yields spiking up to 1.26% by the end of June.

In August, an escalation of US tensions with North Korea sparked risk off moves with 'safe' assets rising in price, while assets perceived as risky sold off. As a result, the yield of the benchmark 10 year UK gilt fell sharply to around 1%.

The highlight of September came from the Bank of England's Monetary Policy Committee (MPC). At the close of business on the Friday before its September meeting the 10 year gilt yield stood at just below 1%; one week later it had climbed to 1.30%. Although the MPC kept interest rates on hold, it indicated that it would start to tighten monetary policy. The market reacted to the more hawkish tone by pricing a rate hike in November and further hikes in 2018 into the yield curve.

We added a long duration position to the Fund in mid October, when UK growth appeared resilient to the impact of Brexit. This detracted from performance, and was removed in January. A short duration position was initiated in late February on expectations of higher global growth and higher inflation. The growing expectation of a European Central Bank 'taper' was expected to pull German bond yields higher (and gilts with them). In the event, however, while Treasury and German bond yields increased considerably, the UK gilt market outperformed substantially, and the position was closed at a slight loss.

A long position in 30 year breakevens was built up in early 2017, involving selling 30 year gilts and buying 30 year index linked gilts. We took profits on half of the position following a sharp rise in breakevens, but maintained some exposure to benefit from the ongoing favourable supply and demand dynamics in the position. These long breakeven trades were the main positive contributors to performance between April and June. We expected a large syndication mid May to lead to an underperformance of conventional gilts relative to inflation linked gilts. This rationale proved correct and we later took profits.

Report of the Investment Manager (continued)

The Fund added a curve steepener trade at the end of June, expecting ultra long bonds to underperform shorter maturity bonds. This area of the curve had flattened to all time lows but a large amount of upcoming supply and seasonal factors point to this trend reversing over the coming months. We later took profits on our curve steepener trade as the curve steepened off the back of weak demand for ultra long bonds and in anticipation of a large supply of 50 year bonds at the start of September.

In May the Fund went short duration. Although our expectations remain that UK growth will slow, we expected positive global factors to be more dominant in the short term and that rising US Treasury and German Government bond yields would drag UK gilt yields higher too. We later took profits on this position. Again in August the Fund went short duration as the risk off tone saw 10 year gilt yields fall below 1%. The Fund took profits as yields sharply snapped higher on increased hawkish rhetoric from the MPC.

Following the sharp move higher in yields in September the Fund added a tactical long duration position. We felt that the market moves were somewhat overdone and we entered a tactical long duration position in anticipation of some retracement lower in yields in the short term. Although some repricing was necessary given the Bank of England news, the market had begun to price in the probability of two additional hikes next year after a first rate rise in November; we thought this was overshooting realistic expectations for now.

The Fund also held various relative value type trades throughout the period, hoping to take advantage of perceiving pricing anomalies between various bonds, taking into account things like liquidity and supply & demand dynamics.

This report is solely for information purposes and is not intended to be and should not be construed as an offer or recommendation to buy and sell investments, nor shall it form the basis or part of any contract to be relied upon in any way.

Aberdeen Asset Investments Limited

9 January 2018

Report of the Custodian to the Members of Lloyds Gilt Fund Limited

Statement of Custodian's Responsibilities

The Custodian is required under the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended) (the 'Rules') to ensure that, inter alia, it:

- satisfies itself that the sale, issue, redemption, cancellation and valuation of shares in the Company are carried out in accordance with the Rules; and
- takes into its custody all the assets of the Company and holds them in trust for the shareholders in accordance with the Rules; and
- enquires into the conduct of the Company in each annual accounting year and reports thereon to shareholders in a report, which shall contain the matters prescribed by the Rules. The Custodian's Report is included in this Annual Report.

Report of the Custodian to the Members of Lloyds Gilt Fund Limited

In accordance with Article 2.06 of the Rules, Link Corporate Services (Jersey) Limited has acted throughout the year as independent Custodian to the Company.

In accordance with Article 7.08 of the Rules we confirm, in our capacity as the Custodian, that we have enquired into the conduct of the Company for the year ended 30 September 2017 and in our opinion, to the best of our knowledge having made such enquiry, the affairs of the Company have been conducted in all material respects for the year then ended:

- in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum and Articles of Association, by prospectuses and by all Orders for the time being in force under Article 11 of the Collective Investment Funds (Jersey) Law 1988 (as amended) ('the Law'); and
- otherwise in accordance with the provisions of the Memorandum and Articles of Association and the Law.

Link Corporate Services (Jersey) Limited

Custodian
12 Castle Street, St Helier,
Jersey JE2 3RT
Channel Islands

9 January 2018

Independent Auditor's Report to the Members of Lloyds Gilt Fund Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Lloyds Gilt Fund Limited (the "Company") as at 30 September 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991 and the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

What we have audited

The Company's financial statements comprise:

- the Statement of Financial Position as at 30 September 2017;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Investment Portfolio as at 30 September 2017; and
- the Notes to the Financial Statements, which include a summary of significant accounting policies.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and with SEC Independence Rules. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the SEC Independence Rules.

Our audit approach

Overview

Materiality

Overall materiality represents 0.5% of net assets of the Company.

Audit scope

Our audit work was performed solely in Jersey and included the audit of the financial statements of the Company.

We tailored the scope of our audit taking into account the types of investments within the Company in addition to, the accounting processes and controls.

Key audit matters

Valuation of Financial assets at fair value through profit or loss.

Independent Auditor's Report to the Members of Lloyds Gilt Fund Limited (continued)

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Company materiality	£193k
How we determined it	0.5% of net assets
Rationale for the materiality benchmark	We believe that net assets are the most appropriate benchmark because this is a key metric of interest to members and the regulator. It is also a generally accepted measure used for companies in this industry.

We agreed with the board of directors that we would report to them misstatements identified during our audit above 5% of overall materiality, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Lloyds Gilt Fund Limited (continued)

Key audit matter	How our audit addressed the Key audit matter
Valuation of financial assets at fair value through profit or loss The Company's financial assets are valued at £38,554,172 and represent the majority of the net assets attributable to holders of participating redeemable preference shares as at 30 September 2017. Refer to further information on the investment portfolio included in the financial statements on pages 20-23. The fair value of the Company's financial assets is based on quoted market price as at the Statement of Financial Position date. The quoted market price used for these financial assets held by the Company is the current mid-market price as at the close of business on the last day of the accounting year, as required by IFRS 13. We have given specific audit focus and attention to valuation of financial assets at fair value through profit or loss as only a small percentage difference in the prices individually, when aggregated, could result in a material misstatement.	Our audit procedures included understanding and evaluating the key controls around the valuation performed by the manager. This included controls over the review and approval of the daily net asset valuation ("NAV") reports. We selected a sample of NAV reports and tested that pricing data recorded within the Company's accounting system was reviewed for variances in excess of a reasonable defined threshold, with any variances investigated. This enabled us to determine whether the valuation controls throughout the year could be reasonably relied upon. In addition to this, we compared the investment prices used by the manager at year end to the prices obtained from an independent pricing source for reasonableness. Overall we found that the valuations of investments in the Company reported at fair value through profit and loss were consistent with the Company pricing and accounting policies and within a reasonable range.

Other information

The directors are responsible for the other information. The other information comprises the information as set out on the contents page within the Annual Report and Audited Financial Statements (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report to the Members of Lloyds Gilt Fund Limited (continued)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS, the requirements of Jersey law and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report to the Members of Lloyds Gilt Fund Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

This report, including the opinion, has been prepared for and only for the members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Trudy Dillon-Nugent
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands

9 January 2018

Statement of Financial Position

As at 30 September 2017

	Note	30 September 2017 £	30 September 2016 £
Current Assets			
Cash and cash equivalents		77,761	197,739
Investment sales receivable		1,695,752	—
Financial assets at fair value through profit or loss		38,554,172	47,739,843
Other accrued income and other debtors	4	2,089,591	2,044,470
Total Assets		42,417,276	49,982,052
Equity			
Ordinary share capital	14	1,000	1,000
Total Equity		1,000	1,000
Current Liabilities			
Cancellation payable		3,856	2,901
Investment purchases payable		1,687,389	—
Distribution payable	5	100,141	131,216
Accrued expenses and other creditors	6	114,223	104,137
Nominal shares	14	1,874,499	1,825,902
Total Liabilities *		3,780,108	2,064,156
Net assets attributable to holders of participating redeemable preference shares	17	38,636,168	47,916,896
Total Liabilities And Equity		42,417,276	49,982,052

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

The financial statements on pages 16 to 40 were approved by the Board of Directors on 9 January 2018 and are signed on its behalf by:

R. D. Willcox
B. Lysiak } Directors

The notes on pages 24 to 40 form an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 30 September 2017

	Note	30 September 2017 £	30 September 2016 £
Operating profit			
Net loss / gain on financial assets at fair value through profit or loss	7	(2,370,182)	5,302,098
Unclaimed Distributions *	8	—	19,826
Investment income		597,786	944,043
Other income	8	—	315
Total operating expenses	9	(536,335)	(629,452)
Operating loss / profit		(2,308,731)	5,636,830
Finance costs			
Distributions to holders of participating redeemable preference shares	5	(627,235)	(917,748)
Total finance costs		(627,235)	(917,748)
Loss / profit before tax		(2,935,966)	4,719,082
Decrease / increase in net assets attributable to holders of participating redeemable preference shares from operations		(2,935,966)	4,719,082

* In accordance with Article 9.08 (6) of the Collective Investment Funds (Recognised Funds) (Rules) (Jersey) Order 2003 any distribution payment which shall remain unclaimed after a period of 10 years from the date of payment shall then be transferred to and become part of the capital property.

There were no components of 'other comprehensive income' which are required to be separately disclosed during the current and preceding years.

The notes on pages 24 to 40 form an integral part of these financial statements.

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

For the year ended 30 September 2017

	30 September 2017 £	30 September 2016 £
Net assets attributable to holders of participating redeemable preference shares as at 1 October	47,916,896	53,631,938
Creation of participating redeemable preference shares	340,338	1,677,271
Redemption of participating redeemable preference shares	(6,685,100)	(12,111,395)
Net decrease from share transactions	(6,344,762)	(10,434,124)
(Decrease)/ increase in net assets attributable to holders of participating redeemable preference shares from operations	(2,935,966)	4,719,082
Net assets attributable to holders of participating redeemable preference shares as at 30 September	38,636,168	47,916,896

The notes on pages 24 to 40 form an integral part of these financial statements.

Cash Flow Statement

For the year ended 30 September 2017

	30 September 2017 £	30 September 2016 £
Cash flows from operating activities		
Purchase of financial assets and settlement of financial liabilities	(85,889,629)	(36,809,478)
Receipts from sale of investments	92,094,909	47,539,562
Investment income received	1,203,108	1,674,170
Unclaimed distributions over 10 years	—	19,826
Bank interest received	—	315
Interest paid	(111)	(306)
Operating expenses paid	(526,138)	(635,672)
Net cash inflow from operating activities	6,882,139	11,788,417
Cash flows from financing activities		
Distributions paid to holders of participating redeemable preference shares	(658,310)	(980,204)
Proceeds received from issue of participating redeemable preference shares	340,338	1,677,271
Payments on redemption of participating redeemable preference shares	(6,684,145)	(12,332,574)
Net cash outflow from financing activities	(7,002,117)	(11,635,507)
Net (decrease)/ increase in cash and cash equivalents	(119,978)	152,910
Cash and cash equivalents as at 1 October	197,739	44,829
Cash and cash equivalents as at 30 September	77,761	197,739

The notes on pages 24 to 40 form an integral part of these financial statements.

Investment Portfolio

As at 30 September 2017

	Holding 30.09.16	Holding 30.09.17	Market Value 30.09.17 £	Percentage of Total Net Assets %	Market Value 30.09.16 £
United Kingdom Government Bonds 99.81% (99.65%)					
Treasury 1.25% 2018	1,310,000	818,000	823,726	2.13	1,336,795
Treasury 1.25% 2027	—	1,975,000	1,945,474	5.04	—
Treasury 1.5% 2026	200,000	2,026,000	2,065,426	5.35	214,117
Treasury 1.5% 2047	—	1,412,000	1,278,072	3.31	—
Treasury 1.75% 2017	2,106,000	—	—	—	2,116,319
Treasury 1.75% 2019	1,902,000	1,005,000	1,028,417	2.66	1,988,528
Treasury 1.75% 2022	—	780,000	816,582	2.11	—
Treasury 2% 2020	2,258,000	1,793,000	1,866,065	4.83	2,413,125
Treasury 2% 2025	5,943,000	—	—	—	6,634,504
Treasury 2.5% 2065	166,000	588,000	733,133	1.90	230,001
Treasury 2.75% 2024	1,905,000	—	—	—	2,231,898
Treasury 3.25% 2044	2,961,000	2,465,000	3,116,253	8.07	4,115,538
Treasury 3.5% 2045	3,166,000	1,669,000	2,213,011	5.73	4,622,483
Treasury 3.5% 2068	695,000	483,000	768,719	1.99	1,229,976
Treasury 3.75% 2019	—	542,000	576,742	1.49	—
Treasury 3.75% 2021	2,015,000	2,015,000	2,259,823	5.85	2,361,882
Treasury 3.75% 2052	853,000	93,000	138,519	0.36	1,406,640
Treasury 4% 2022	—	1,402,000	1,605,921	4.16	—
Treasury 4% 2060	913,000	859,000	1,431,352	3.70	1,689,004
Treasury 4.25% 2027	—	3,226,000	4,104,924	10.62	—
Treasury 4.25% 2032	986,000	—	—	—	1,421,171
Treasury 4.25% 2036	54,000	216,000	297,216	0.77	80,854
Treasury 4.25% 2040	544,000	544,000	779,171	2.02	853,046
Treasury 4.25% 2046	—	1,406,000	2,129,598	5.51	—
Treasury 4.25% 2049	320,000	—	—	—	555,392
Treasury 4.5% 2019	1,592,000	—	—	—	1,763,697
Treasury 4.5% 2034	2,027,000	1,970,000	2,750,219	7.12	3,070,196
Treasury 4.5% 2042	1,434,204	961,204	1,451,081	3.76	2,377,121
Treasury 4.75% 2030	95,000	693,000	953,118	2.47	141,322

Investment Portfolio (continued)

As at 30 September 2017

	Holding 30.09.16	Holding 30.09.17	Market Value 30.09.17 £	Percentage of Total Net Assets %	Market Value 30.09.16 £
United Kingdom Government Bonds (continued)					
Treasury 4.75% 2038	186,000	186,000	278,433	0.72	304,101
Treasury 5% 2018	—	1,403,000	1,431,621	3.71	—
Treasury 8% 2021	1,562,000	1,348,000	1,711,556	4.43	2,127,132
Treasury 8.75% 2017	2,278,000	—	—	—	2,455,001
Total Value of Investments			38,554,172	99.79	47,739,843
Other Assets			3,863,104	10.00	2,242,209
Total Assets			42,417,276	109.79	49,982,052
Liabilities & Equity			(3,781,108)	(9.79)	(2,065,156)
Net assets attributable to holders of participating redeemable preference shares			38,636,168	100.00	47,916,896

	Year ended 30.09.17 £	Year ended 30.09.16 £
Cost of investments purchased	85,889,629	36,809,478
Proceeds from investments sold	92,103,272	47,539,562

Investment Portfolio (continued)

As at 30 September 2017

Investments Purchased and Sold

This schedule refers to investments both purchased and sold during the year and as a result do not appear on the portfolio listings.

	Nominal
Treasury 1% 2017	10,989,000
Treasury Index Linked 1.25% 2055	839,000
Treasury Index Linked 0.125% 2046	2,623,000

Investment Dealing

There was no dealing commission paid during the year.

During the year transactions representing more than 10% of the aggregate value of the transactions in the property of the Company were carried out by the following counterparties:

Deutsche Bank AG London
Barclays Capital
HSBC Securities
JP Morgan

Investment Portfolio (continued)

As at 30 September 2017

Summary of Material Portfolio Changes

This schedule refers to securities purchased or sold during the year which had a value of greater than 2% of the net asset value of the Company. The Directors consider that where applicable the disclosure of the 20 largest purchases and sales is sufficient to reflect the nature of the operating activity of the Company.

Purchases	Cost £	Sales	Proceeds £
Treasury 4.5% 2034	3,228,848	Treasury 2% 2025	6,417,731
Treasury 4.25% 2027	3,042,030	Treasury 4.25% 2027	3,034,274
Treasury 1% 2017	2,641,933	Treasury 4.5% 2034	2,562,965
Treasury 1% 2017	2,572,632	Treasury 4.25% 2027	2,399,486
Treasury 4.25% 2027	2,556,288	Treasury 3.5% 2045	2,239,079
Treasury 1.5% 2026	2,320,799	Treasury 2.75% 2024	2,170,149
Treasury 3.5% 2045	2,293,446	Treasury 1.75% 2017	2,123,047
Treasury 4.25% 2046	2,240,984	Treasury 3.5% 2045	2,058,682
Treasury 4.5% 2034	2,100,629	Treasury 1.5% 2026	1,807,083
Treasury 1% 2017	2,016,494	Treasury 4.5% 2034	1,657,108
Treasury 4% 2022	1,842,518	Treasury 1% 2017	1,587,761
Treasury Index Linked 2046	1,486,018	Treasury Index Linked 2046	1,539,024
Treasury Index Linked 2046	1,485,846	Treasury 4.5% 2019	1,434,217
Treasury 8.75% 2017	1,394,372	Treasury 4.25% 2032	1,343,093
Treasury 8.75% 2017	1,239,096	Treasury 8.75% 2017	1,301,625
Treasury 1.75% 2019	1,130,424	Treasury 1.25% 2018	1,258,061
Treasury 1.75% 2022	829,417	Treasury 8.75% 2017	1,174,101
Treasury 8.75% 2017	746,376	Treasury 8.75% 2017	661,964
Treasury 3.75% 2019	599,396	Treasury 1% 2017	409,884
Treasury 8.75% 2017	588,487	Treasury 8.75% 2017	318,427

Notes to the Financial Statements

For the year ended 30 September 2017

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 and is listed on The International Stock Exchange (formerly the Channel Islands Securities Exchange Authority) and the Malta Stock Exchange. Full details of the Company, Investment Objective and Policy and Report of the Directors are stated on pages 2 to 7.

2. Basis of Presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') on the going concern basis.

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

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, held at fair value through profit or loss and in accordance with 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.

All amounts reported in the statement of comprehensive income are in respect of continuing activities. The Company comprises of two classes of Preference Shares relating to a single portfolio ('Fund') consisting of securities, cash, other assets and liabilities. These financial statements present the statement of financial position, statement of comprehensive income, statement of changes in net assets attributable to holders of participating redeemable preference shares, cash flow statement, investment portfolio, notes to the financial statements.

The net assets attributable to holders of participating redeemable preference shares are classified as financial liabilities, therefore, in the opinion of the Directors, the Capital of the Company is only represented by the Management Shares. Details of Management Shares, Participating Shares and Nominal Shares are disclosed in Notes 3 and 14.

Significant accounting estimates and judgements.

The Company makes assumptions and estimates that affect the reported amounts of assets and liabilities at the statement of financial position date. 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 policies.

Notes to the Financial Statements

For the year ended 30 September 2017

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 where relevant.

3. Adoption of new and revised IFRS's

3.1 Standards, amendments and interpretations effective for the current year

The following new standards, amendments and interpretations have been adopted in these financial statements.

Amendments to IAS 1 and IAS 34: The Company has applied the amendments to IAS1 and IAS 34 for the first time in the current year.

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

- IAS 7, 'Statement of cash flows on disclosure initiative' (effective from 1 January 2017)
- IAS 12, 'Income taxes on recognition of deferred tax assets for unrealised losses' (effective from 1 January 2017)
- IAS 28, 'Investments in associates and joint ventures' (effective from 1 January 2018)
- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective from 1 January 2018)
- IFRS 9, 'Financial Instruments' (effective from 1 January 2018).
- IFRS 12, 'Disclosure of interests in other entities' (effective from 1 January 2017)
- IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018).

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 presentation currency

The Company has adopted sterling as its presentational and functional currency, as the Company's primary activity is to invest in sterling denominated securities, all assets and liabilities are valued in sterling, the Company has no exposure to currencies other than sterling and its main investments are based in the UK.

Segmental reporting

The Company is organised into one main business segment, focusing on achieving returns by investing in sterling denominated Government bonds and other public securities. No additional disclosure is included in relation to segment reporting as the Company's activities are limited to one main business and geographic segment.

Notes to the Financial Statements (continued)

For the year ended 30 September 2017

3. Summary of Significant Accounting Policies (continued)

Financial assets and financial liabilities at fair value through profit or loss

(a) Classification

The Company classifies its investments in debt and equity securities as financial assets at fair value through profit or loss. These financial assets and financial liabilities are designated by the Board of Directors at fair value through profit or loss at inception.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy.

(b) Recognition

Purchases and sales are recognised on the trade date (the date on which the Company commits to purchase or sell the asset).

(c) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs for all financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income as incurred. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value.

Gains and losses arising from changes in the fair value of financial assets or financial liabilities at fair value through profit or loss are recognised in the statement of comprehensive income in the year in which they arise.

Revenue recognition

Investment income is recognised in the statement of comprehensive income on a time proportionate basis for all debt instruments 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 year.

Bank Interest is recognised in the statement of comprehensive income on a time proportionate basis using the EIR method. The EIR is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial asset or liability, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets and financial liabilities held by the Fund is the current mid market price as required by IFRS 13 financial assets and financial liabilities at fair value at close of business on the last business day of the accounting year.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Notes to the Financial Statements (continued)

For the year ended 30 September 2017

3. Summary of Significant Accounting Policies (continued)

Share capital

(i) The Management 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 Management Shares. These Shares are classified as Ordinary Share capital in the Statement of Financial Position.

(ii) Unclassified Shares may be issued as either 'A' class participating redeemable preference shares ('A Participating Shares') or 'B' class participating redeemable preference shares ('B Participating Shares') or Nominal Shares. Participating Shares are redeemable at the shareholder's option and are classified as financial liabilities. Participating Shares are carried at the redemption amount that is payable if the holder exercises the right to redeem shares at the statement of financial position date.

Participating Shares are issued and redeemed at the holder's option at prices based on the Company's net asset value per share at the time of issue or redemption. The Company's net asset value per share is calculated by dividing the net assets attributable to the holders of participating redeemable preference shares by the total number of Participating Shares in issue. In accordance with the provisions of the Company's regulations, investments are valued based on the latest traded market price for the purpose of determining the net asset value per share for subscriptions and redemptions.

The A and B Participating Shares rank pari passu in all respects except that their entitlements to dividends and their respective interests in the net assets of the Company are determined by reference of a notional (but not vested) unit of participation.

Each holder of a Participating Share is entitled, on a poll, to one vote for each Participating Share held. Participating Shares have a right to dividends declared.

(iii) Nominal Shares have been accounted for in accordance with the Companies (Jersey) Law 1991, and corresponding amounts have been included in debtors and financial liabilities. 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 £ 0.01 per share.

Details of the Company's share capital transactions are shown in Note 14.

Share premium

The premium on issues and redemptions of the 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. Details are shown in Notes 15 and 17.

Distributions payable to holders of participating redeemable preference shares

Distributions to holders of Participating Shares are recognised as finance costs when they are declared by the Directors.

Accrued income and expenses

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

Notes to the Financial Statements (continued)

For the year ended 30 September 2017

4. Other Accrued Income and Other Debtors

	30 September 2017 £	30 September 2016 £
Accrued income	214,092	217,568
Management shares	1,000	1,000
Nominal shares	1,874,499	1,825,902
Total other accrued income and other debtors	2,089,591	2,044,470

5. Distributions

The distributions take account of income received on the creation of shares and income paid on the cancellation of shares, and comprise:

	30 September 2017 £	30 September 2016 £
31 October 2016	23,907	32,016
30 November 2016	23,627	31,613
31 December 2016	130,599	185,400
31 January 2017	22,362	31,115
28 February 2017	21,364	30,530
31 March 2017	121,548	185,443
30 April 2017	20,029	29,787
31 May 2017	19,317	29,607
30 June 2017	109,249	181,285
31 July 2017	17,636	25,004
31 August 2017	17,456	24,732
30 September 2017	100,141	131,216
Total distributions	627,235	917,748
Income paid on cancellation of shares	(14,576)	30,579
Income received on creation of shares	923	(5,852)
Net distributions for the year	613,582	942,475

Details of the distributions per share are set out on pages 44 to 46.

Notes to the Financial Statements (continued)

For the year ended 30 September 2017

6. Accrued Expenses and other Creditors

	30 September 2017 £	30 September 2016 £
Due to Manager	65,775	69,177
Due to Custodian	1,976	2,055
Other Creditors	46,472	32,905
Total accrued expenses and other creditors	114,223	104,137

7. Net Gain/(Loss) on Financial Assets at Fair Value Through Profit or Loss

The net gain on investments during the year comprise:

	30 September 2017 £	30 September 2016 £
Proceeds from sales of investments during the year	92,103,272	47,539,562
Amortised cost of investments sold during the year	(90,872,097)	(44,944,915)
Gains realised on investments sold during the year	1,231,175	2,594,647
Realised gains on investments sold during the year	2,312,855	2,913,823
Realised losses on investments sold during the year	(1,081,680)	(319,176)
Unrealised gain	539,316	4,565,426
Unrealised loss	(4,140,673)	(1,857,975)
Net loss / gain on investments	(2,370,182)	5,302,098

Notes to the Financial Statements (continued)

For the year ended 30 September 2017

8. Other Income

	30 September 2017 £	30 September 2016 £
Bank interest	—	315
Unclaimed Distributions	—	19,826
Total other income	—	20,141

9. Total Operating Expenses

		30 September 2017 £	30 September 2016 £
Payable to the Manager:			
Annual management fee	10	359,304	448,775
Registrar fees	10	71,738	75,762
Payable to the Custodian:			
Custodian fees	11	24,656	25,066
Safe custody fees	11	2,908	4,392
Other expenses:			
Administration expenses*		64,854	62,967
Dealing charges		2,875	1,490
Audit fees		10,000	11,000
Total operating expenses		536,335	629,452
Total Expense Ratio**		1.26%	1.20%

*The Administration expenses includes £5,000 of Director fees (see note 10).

**The Total Expense Ratio, represents the management fee and total operating expenses less dealing charges, expressed as an annualised percentage of the average daily net asset values for the year ended 30 September 2017.

Notes to the Financial Statements (continued)

For the year ended 30 September 2017

10. Related Party Transactions

At the year end the Manager held Participating Shares in the Company as follows:

	30 September 2017 Shares	30 September 2016 Shares
A Class	5,915	5,977
B Class	5,998	5,993
Total	11,913	11,970

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
- The Investment Manager, Aberdeen Asset Investments Limited
- Key management personnel

The fees received by the Manager are set out in Note 9. The Investment Manager is paid by the Manager. Details of amounts due to the Manager at the end of the year are shown in Note 6.

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 page 18.

(a) Management and Registrar Fee

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 of 0.85% of the net asset value of the Company calculated daily and paid monthly from the income earned by the Company.

The Manager, in its capacity as Registrar, is entitled to a fee payable by the Company of £12.00 for each shareholding which appeared on the Share Register on the last business day of each annual and half yearly accounting year.

Details of amounts due at the year end are shown in Note 6.

(b) Key management personnel

The following Directors of the Company at 30 September 2017 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 all Directors of the Manager, Lloyds Investment Fund Managers Limited.

(c) Directors' Fees

Directors who are employees of the Lloyds Banking Group do not receive Director fees. All other Directors receive a fee of £5,000 per annum (2016: £5,000 per annum). The amount due at the end of the year is £1,250 (2016: £1,250).

Notes to the Financial Statements (continued)

For the year ended 30 September 2017

11. Custodian

The fees received by the Custodian are set out in Note 9. Details of amounts due to the Custodian at the year end are shown in Note 6.

The Custodian is entitled to an annual fee paid monthly, calculated on the following scale by reference to the net asset value of the Company calculated on a mid market basis:

- NAV up to £100million Annual Fee 0.04% (minimum fee £25,000)
- NAV over £100million and up to £150million Annual Fee £40,000
- NAV over £150million and up to £200million Annual Fee £50,000
- NAV over £200million and up to £250million Annual Fee £60,000
- NAV over £250million and up to £300million Annual Fee £67,000
- NAV over £300million and up to £350million Annual Fee £74,000
- NAV over £350million and up to £400million Annual Fee £80,000

Thereafter a further £5,000 for every additional £50million increase in the net asset value of the Company.

The Custodian is also entitled to reimbursement by the Company of its expenses in connection with its duties as Custodian and to make transaction charges to cover the cost of effecting settlement of stock and cash.

12. Controlling Party

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

13. Equalisation

The price of a participating share includes an equalisation element calculated by dividing the net undistributed income of the Company by the number of shares in issue at the time when the prices are calculated. The payment of the first distribution after the issue of a share includes an amount of equalisation calculated by averaging the amounts received by way of equalisation during the year to which the distribution relates.

Notes to the Financial Statements (continued)

For the year ended 30 September 2017

14. Share Capital

	30 September 2017	30 September 2016
	£	£
Authorised Share Capital:		
1,000 Management Shares of £1	1,000	1,000
749,900,000 unclassified Shares of 1p	7,499,000	7,499,000
	7,500,000	7,500,000
Issued Ordinary Share Capital:		
Management Shares:		
1,000 Management Shares	1,000	1,000

Nominal Shares:	Shares	£	Shares	£
Balance brought forward	182,590,166	1,825,902	174,929,993	1,749,299
Creations	5,118,650	51,187	8,949,973	89,500
Redemptions	(258,950)	(2,590)	(1,289,800)	(12,897)
Balance carried forward	187,449,866	1,874,499	182,590,166	1,825,902
Participating Shares:				
Balance brought forward	34,833,393	348,333	42,493,566	424,936
Creations	258,950	2,590	1,289,800	12,897
Redemptions	(5,118,650)	(51,187)	(8,949,973)	(89,500)
Balance carried forward	29,973,693	299,736	34,833,393	348,333

Participating Shares in issue:	Shares	Shares
'A' Class Shares	18,393,603	21,068,903
'B' Class Shares	11,580,090	13,764,490
Balance carried forward	29,973,693	34,833,393

Notes to the Financial Statements (continued)

For the year ended 30 September 2017

15. Share Premium

	30 September 2017 £	30 September 2016 £
Balance brought forward	22,979,481	33,312,275
Premium on creations	336,825	1,658,522
Premium on redemptions	(6,619,338)	(11,991,316)
Balance carried forward	16,696,968	22,979,481

16. Capital Reserves

	Realised gains on investments £	Unrealised movement on investments £	Distributions unclaimed over 10 years £	Total £
At 30 September 2016	30,333,148	5,231,975	19,826	35,584,949
Net movement in the year	1,231,175	(3,601,357)	—	(2,370,182)
At 30 September 2017	31,564,323	1,630,618	19,826	33,214,767

17. Net Assets Attributable to Holders of Participating Redeemable Preference Shares

	Note	30 September 2017 £	30 September 2016 £
Share capital	14	299,736	348,333
Share premium	15	16,696,968	22,979,481
Capital reserves	16	33,214,767	35,584,949
Undistributed income		(11,575,303)	(10,995,867)
Net assets attributable to holders of participating redeemable preference shares		38,636,168	47,916,896

The distributions detailed in Note 5 have been declared by the Directors using a dividend policy based on the accruals method of accounting for income on debt instruments, as opposed to the EIR method of accounting for investment income which is the basis used for recognition of income on debt instruments as explained in the accounting policies. Future distributions will continue to be made on the basis of the existing distribution policy.

Undistributed income under the accruals method as at 30 September 2017 amounted to £24,905 (30 September 2016: £2,500).

Notes to the Financial Statements (continued)

For the year ended 30 September 2017

18. Taxation

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.

Jersey resident individuals should note that any income received from the Fund(s) will be paid gross and will be taxable under Schedule D Case III (D3) of the Income Tax (Jersey) Law 1961, as amended.

19. Financial Risk Management

Strategy in using financial instruments

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), liquidity risk, counterparty risk, capital risk and certain other risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse affects on the Company's financial performance. The Company is able to use derivative financial instruments to moderate certain risk exposures. There were no such exposures as at 30 September 2017.

The Company's investment objective and policy are stated on page 3. To achieve these objectives the Company's assets and liabilities comprise financial instruments held in accordance with the Company's investment objectives and policy.

These may include:

- Investments comprising fixed income securities and floating rate securities.
- Cash, liquid resources, short term debtors and creditors that arise directly from its investment activities.
- Hedging instruments, such as traded options, which the Company may enter into for the purpose of managing the risks arising from the Company's investment activities.

Market risk

The overall market position and therefore the risk exposure for the Company is governed by the Prospectus, the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended) and the investment objectives for the Company. These positions are monitored on a daily basis by the Manager and are reviewed on a quarterly basis by the Board of Directors.

The Company invests principally in bonds. The value of bonds 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.

In line with the Company's investment objectives and policy, the Company will invest in a managed portfolio of sterling bonds which have been issued by governments, local authorities, public utilities and corporations. Under Jersey regulations these securities must be approved transferable securities.

The year end portfolio for the Company is detailed on pages 20 and 21.

Notes to the Financial Statements (continued)

For the year ended 30 September 2017

19. Financial Risk Management (continued)

Market risk (continued)

The Manager controls this risk and monitors the movements in the bonds and interest rates against the relevant bond index and market interest rates respectively.

The Manager considers that a reasonably possible movement in the market risk components would be equivalent to a 5% movement in the bond index and a 1% movement in market interest rates.

The following table summarises the impact of increases/(decreases) in the bond index, and market interest rates on the net asset value as at 30 September 2017. The analysis is based on the assumption that the bond index increases/(decreases) by 5%, and market interest rates increase/(decrease) by 1%, with all other variables held constant.

The analysis also assumes that the movement in the portfolio of the Company has perfect positive correlation with the bond index and market interest rates.

Impact of Market Movements:

End of year	Net asset value £	Gilts 5% movement in bond index £	Cash 1% movement in interest rates £
30.09.17	38,636,168	1,927,709	778
30.09.16	47,916,896	2,386,992	1,977

Interest rate risk

The Company receives 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 objectives and policy. In accordance with the Company's policy, the Manager monitors the Company's overall interest rate sensitivity on a daily basis, and the Board of Directors reviews it on a quarterly basis.

The interest bearing financial assets and liabilities held in the Company expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The following table summarises the effect of interest rate risks on the Company. It includes the Company's assets and trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates. Other than those financial instruments identified above, the Company has no significant exposure to interest rate risks.

Interest rate profile of the Company's financial assets and liabilities

End of year	Total £000's	Fixed rate interest assets £000's	Floating rate interest assets £000's	Interest free assets £000's	Interest free liabilities £000's
30.09.17	38,636	38,554	78	2,090	3,780
30.09.16	47,917	47,740	198	2,044	2,065

Notes to the Financial Statements (continued)

For the year ended 30 September 2017

19. Financial Risk Management (continued)

Interest rate risk (continued)

Weighted average rates of the Company's financial assets and liabilities

End of year	Currency	Weighted average coupon rate %	Weighted average effective interest rate %	Weighted average period for which rate is fixed years
30.09.17	Sterling	3.57	1.35	16.02
30.09.16	Sterling	3.65	0.76	15.83

Credit risk

The Company takes on exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Impairment provisions would be provided for losses that have been incurred by the statement of financial position date, if any. As at 30 September 2017, no impairment provisions were required and there was no money overdue.

The Company only invests in sterling denominated government and other public securities which are all a minimum of AA+ credit rated.

In accordance with the Company's policy, the Manager monitors the Company's credit position on a daily basis, and the Board of Directors reviews it on a quarterly basis.

Certain transactions that the Company enters into expose it to the risk that the counterparty 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. Credit risk exposure is balanced by the regulatory obligation of the counter parties.

The risk to Shareholders is that the Company will not have sufficient cash to cover redemptions. To counter this risk each Company's cash is managed to meet its liabilities.

Where investments cannot be realised in time to meet any redemptions of Participating Shares, the Company may borrow up to 10% of its value to ensure settlement of its liabilities. No such borrowings have arisen during the year.

The Custodian has also entered into a sub-custodian agreement with State Street Bank and Trust Company, London Branch. Under the terms of that sub-custodian agreement, the Sub-Custodian will hold certain assets of the Company on behalf of the Custodian.

The assets of the Company will be held in compliance with applicable laws and specific provisions as agreed in the sub-custodian agreement between the Custodian and the Sub-Custodian. These will include requirements designed to protect the Company's assets in the event of the insolvency or bankruptcy, but they do not guarantee this effect.

Cash balances held with the Sub-Custodian will not be segregated from the Sub-Custodian's own accounts or held on trust for the Custodian. This exposes investors to risk if the Sub-Custodian becomes insolvent, since the Custodian (who has entered into the contract with the Sub-Custodian) will rank as an unsecured creditor along with all other deposit holders in respect of any claim. Accordingly, there is no guarantee that the Custodian would ever be able to recover monies held in such cash accounts on the Company's behalf.

Notes to the Financial Statements (continued)

For the year ended 30 September 2017

19. Financial Risk Management (continued)

Capital risk

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

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 Management Shares. Details of Management Shares are disclosed in Notes 3 and 14. Due to the nature and requirement of the Management Shares the Directors have decided that no active capital risk management is required.

Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets held by the Company is the current mid price, these are updated each morning at 10am and represented in the Fund's daily share prices; the appropriate quoted market price for financial liabilities is the current asking price. When the Company holds derivatives with offsetting market risks, it uses mid market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate. If a significant movement in fair value occurs subsequent to the close of trading on the year end date, valuation techniques will be applied to determine the fair value. There has been no significant movements in the fair value of any holdings since the year end date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Directors. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

There have been no transfers between levels. The financial assets at fair value through profit or loss of the Company are all quoted in active markets and therefore fall under level 1 as defined above.

Notes to the Financial Statements (continued)

For the year ended 30 September 2017

19. Financial Risk Management (continued)

Derivatives

Derivatives will only be used where they accord with existing investment objectives and policy. They may not be used for the purpose of reducing risk 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, and no uncovered positions are allowed.

The Company may hold the following derivatives:

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. Any futures contracts are collateralised by cash or marketable securities; changes in the futures contracts value are settled daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market. Futures are settled on a net basis.

(b) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price.

The seller receives a premium from the purchaser in consideration for the assumption of future securities prices. Where options are held by the Company, they are exchange traded. The Company is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value. Options are settled on a gross basis.

The notional amounts of certain types of financial instrument provide a basis for comparison with instruments recognised on the statement of financial position, but they do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and do not therefore indicate the Company's exposure to credit or market price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

During the year the Company did not enter into any derivative contracts.

Notes to the Financial Statements (continued)

For the year ended 30 September 2017

19. Financial Risk Management (continued)

Liquidity risk

The Company is exposed to daily cash redemptions of Participating Shares which are redeemed on demand at the holder's option. It therefore invests all of its assets in investments that are traded in an active market and can be readily disposed of. From time to time assets held could become illiquid due to in-active trading. At 30 September 2017 the percentage of the assets within the portfolios which are subject to special arrangements arising from their illiquid nature is 0% (2016: 0%). As such each Fund's financial assets are considered to be readily realisable for cash.

The Manager manages the Company's cash to meet its liabilities. Where investments cannot be realised in time to meet any redemptions of Participating Shares, the Company may borrow up to 10% of its value to ensure settlement of its liabilities. No such borrowings have arisen during the year.

In accordance with the Company's policy, the Manager monitors the liquidity position on a daily basis, and the Board of Directors reviews it on a quarterly basis.

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 the year end date.

	Less than 1 Month	1-3 Months	Total
	£	£	£
As at 30 September 2017			
Share Capital	40,503,304	—	40,503,304
Investment purchase payable	1,695,752	—	1,695,752
Cancellation payable	3,856	—	3,856
Distribution payable	17,370	82,771	100,141
Accrued expenses and other creditors	67,751	46,472	114,223
Total financial liabilities	42,288,033	129,243	42,417,276
As at 30 September 2016			
Share Capital	49,743,798	—	49,743,798
Investment purchase payable	—	—	—
Cancellation payable	2,901	—	2,901
Distribution payable	22,711	108,505	131,216
Accrued expenses and other creditors	71,232	32,905	104,137
Total financial liabilities	49,840,642	141,410	49,982,052

Performance Records (unaudited)

For the year ended 30 September 2017

Share prices and dividends

Shares in Lloyds Gilt Fund Limited Class A Quarterly were first offered to the public in November 1978 at an offer price of £1.00 per Share.

Shares in Lloyds Gilt Fund Limited Class B Monthly were first offered to the public in March 1988 at an offer price of £1.07 per Share.

Calendar Year	Highest offer price	Lowest bid price	Dividends per Share	Per £1000 invested at 31.12.07
Class A Quarterly	p	p	p	£
2008	120.520	105.30xd	4.075	33.90
2009	122.00	112.80xd	4.040	33.61
2010	123.70	113.20	3.900	32.45
2011	127.00	111.20	4.010	33.36
2012	128.10	121.50	3.560	29.62
2013	129.40	118.60	3.190	26.54
2014	129.70	118.00	3.045	25.33
2015	134.30	123.60	2.540	21.13
2016	143.60xd	125.80xd	1.715	18.64
30.09.17	135.70	129.40	1.445	12.02
Class B Monthly				
2008	116.10	102.10xd	4.075	35.10
2009	117.80xd	109.50	4.040	34.80
2010	119.60	109.50xd	3.900	33.59
2011	132.00	115.10	4.010	34.54
2012	132.90	126.20	3.560	30.66
2013	125.00	113.90	3.190	27.48
2014	124.60	113.90	3.045	26.23
2015	129.30	119.10	2.540	21.88
2016	138.10xd	121.20xd	1.715	19.29
30.09.17	130.50	124.50	1.445	12.45

Change in Net Asset Value Per Share (unaudited)

For the year ended 30 September 2017

	Net Asset Value of Fund	Number of Shares in Issue	Opening net asset value per share	Return before operating charges
	£		p	p
30.09.15	53,631,938	42,493,566	121.36	8.80
30.09.16	47,916,896	34,833,393	126.21	16.18
30.09.17	38,636,168	29,973,693	137.56	(7.70)

Change in Net Asset Value Per Share (unaudited)

For the year ended 30 September 2017

Operating charges	Return after operating charges	Distributions on shares	Appreciation / (Depreciation) on capital assets	Closing net asset value per share	Retained income per share
p	p	p	p	p	p
(1.70)	7.10	(3.11)	0.86	126.21	0.03
(1.81)	14.37	(0.03)	(2.99)	137.56	0.07
(1.79)	(9.49)	(2.09)	2.92	128.90	0.09

Distribution Tables
For the year ended 30 September 2017

Class A Quarterly Shares

	Gross income p	Equalisation payable p	Distribution paid current year p	Distribution paid prior year p
1st Quarter				
Group 1	0.525	—	0.515	0.600
Group 2	0.256	0.269	0.515	0.600
2nd Quarter				
Group 1	0.515	—	0.525	0.600
Group 2	0.149	0.366	0.525	0.600
3rd Quarter				
Group 1	0.480	—	0.480	0.600
Group 2	—	0.480	0.480	0.600
4th Quarter				
Group 1	0.450	—	0.450	0.620
Group 2	—	0.450	0.450	0.620

1st Quarter
Group 1 : Shares purchased prior to 1 October 2016
Group 2 : Shares purchased between 1 October 2016 and 31 December 2016

2nd Quarter
Group 1 : Shares purchased prior to 1 January 2017
Group 2 : Shares purchased between 1 January 2017 and 31 March 2017

3rd Quarter
Group 1 : Shares purchased prior to 1 April 2017
Group 2 : Shares purchased between 1 April 2017 and 30 June 2017

4th Quarter
Group 1 : Shares purchased prior to 1 July 2017
Group 2 : Shares purchased between 1 July 2017 and 30 September 2017

Distribution Tables (continued)

For the year ended 30 September 2017

Class B Monthly Shares

	Gross income p	Equalisation payable p	Distribution paid current year p	Distribution paid prior year p
31 October 2016				
Group 1	0.175	—	0.175	0.200
Group 2	0.175	—	0.175	0.200
30 November 2016				
Group 1	0.175	—	0.175	0.200
Group 2	0.175	—	0.175	0.200
31 December 2016				
Group 1	0.175	—	0.175	0.200
Group 2	0.175	—	0.175	0.200
31 January 2017				
Group 1	0.175	—	0.175	0.200
Group 2	0.175	—	0.175	0.200
28 February 2017				
Group 1	0.170	—	0.170	0.200
Group 2	0.170	—	0.170	0.200
31 March 2017				
Group 1	0.165	—	0.165	0.200
Group 2	0.165	—	0.165	0.200
30 April 2017				
Group 1	0.165	—	0.165	0.200
Group 2	0.165	—	0.165	0.175
31 May 2017				
Group 1	0.160	—	0.160	0.200
Group 2	0.160	—	0.160	0.160
30 June 2017				
Group 1	0.150	—	0.150	0.200
Group 2	0.150	—	0.150	0.200
31 July 2017				
Group 1	0.150	—	0.150	0.175
Group 2	0.150	—	0.150	0.175
31 August 2017				
Group 1	0.150	—	0.150	0.175
Group 2	0.126	0.024	0.150	0.175
30 September 2017				
Group 1	0.150	—	0.150	0.165
Group 2	0.150	—	0.150	0.165

Distribution Tables (continued)

For the year ended 30 September 2017

31 October 2016
Group 1 : Shares purchased prior to 1 October 2016
Group 2 : Shares purchased between 1 October 2016 and 31 October 2016

30 November 2016
Group 1 : Shares purchased prior to 1 November 2016
Group 2 : Shares purchased between 1 November 2016 and 30 November 2016

31 December 2016
Group 1 : Shares purchased prior to 1 December 2016
Group 2 : Shares purchased between 1 December 2016 and 31 December 2016

31 January 2017
Group 1 : Shares purchased prior to 1 January 2017
Group 2 : Shares purchased between 1 January 2017 and 31 January 2017

28 February 2017
Group 1 : Shares purchased prior to 1 February 2017
Group 2 : Shares purchased between 1 February 2017 and 28 February 2017

31 March 2017
Group 1 : Shares purchased prior to 1 March 2017
Group 2 : Shares purchased between 1 March 2017 and 31 March 2017

30 April 2017
Group 1 : Shares purchased prior to 1 April 2017
Group 2 : Shares purchased between 1 April 2017 and 30 April 2017

31 May 2017
Group 1 : Shares purchased prior to 1 May 2017
Group 2 : Shares purchased between 1 May 2017 and 31 May 2017

30 June 2017
Group 1 : Shares purchased prior to 1 June 2017
Group 2 : Shares purchased between 1 June 2017 and 30 June 2017

31 July 2017
Group 1 : Shares purchased prior to 1 July 2017
Group 2 : Shares purchased between 1 July 2017 and 31 July 2017

31 August 2017
Group 1 : Shares purchased prior to 1 August 2017
Group 2 : Shares purchased between 1 August 2017 and 31 August 2017

30 September 2017
Group 1 : Shares purchased prior to 1 September 2017
Group 2 : Shares purchased between 1 September 2017 and 30 September 2017

Notice Of Meeting

Notice is hereby given that the 40th Annual General Meeting of Lloyds Gilt Fund Limited will be held at 11-12 Esplanade, St. Helier, Jersey, on Thursday, 22 February 2018 at 9.30 a.m. for the following purposes:

Agenda

Ordinary Business

1. To appoint the Chairman of the meeting.

2. To read the convening notice.

3. Resolution 1

To receive and if deemed appropriate, adopt the Annual Report and Audited Financial Statements of the Company for the year ended 30 September 2017.

4. Resolution 2

To consider, and if deemed appropriate, re-elect Ross Davey Willcox as a Director of the Company.

5. Resolution 3

To consider, and if deemed appropriate, re-elect Ian Mark Jeremie Hardy as a Director of the Company.

6. Resolution 4

To consider, and if deemed appropriate, re-elect Timothy Joseph Herbert as a Director of the Company.

7. Resolution 5

To consider, and if deemed appropriate, re-elect Brian Charles James as a Director of the Company.

8. Resolution 6

To consider, and if deemed appropriate, re-elect Bronislaw Lysiak as a Director of the Company.

9. Resolution 7

To re-appoint PricewaterhouseCoopers CI LLP as Auditor of the Company for the ensuing year and to authorise the Directors to agree their remuneration.

10. Resolution 8

To fix the remuneration of each of the Directors at a maximum of £5,000 per annum.

Notes:

A Member entitled to attend and vote at this Meeting may appoint one or more Proxies to attend and, on a poll, vote instead of him. A Proxy need not be a Member of the Company. To be valid, completed proxy forms must be deposited at the Company’s principal place of business not less than 48 hours before the appointed time for holding the meeting, or any adjournment thereof.

In the case of joint holders the vote of the senior shall be accepted to the exclusion of the votes of the other joint holder(s).

The quorum requirement is two members present in person or by proxy. If a quorum is not present, the meeting shall stand adjourned to Thursday, 1 March 2018 at 9.30 a.m. at the same venue and at such adjourned meeting the shareholders present in person or by proxy shall be the quorum.

By Order of the Board

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

9 January 2018

Lloyds Gilt Fund Limited Form of Proxy

Block letters please

Full name(s) ____

Address ____

I/We being a Member(s) of the above named Company hereby appoint the Chairman of the Meeting

___________________ (see Note 1) as my/our proxy to attend and vote for me/us on my/our behalf at the 39th Annual General Meeting of the Company to be held on Thursday, 22 February 2018 at 9.30 a.m. and at any adjournment thereof.

I/We have indicated with an "X" in the spaces below how I/we wish my/our votes to be cast in respect of the Resolutions which are set out in the Notice convening the Meeting. If no specific direction as to voting is given, then I/we authorise the Chairman of the Meeting to vote or abstain at his/her discretion.

Ordinary Resolutions:	For	Against
1. Adoption of the Annual Report & Audited Financial Statements for the year ended 30 September 2017		
2. Re-election of Ross Davey Willcox as a Director of the Company		
3. Re-election of Ian Mark Jeremie Hardy as a Director of the Company		
4. Re-election of Timothy Joseph Herbert as a Director of the Company		
5. Re-election of Brian Charles James as a Director of the Company		
6. Re-election of Bronislaw Lysiak as a Director of the Company		
7. Re-appoint PricewaterhouseCoopers CI LLP as Auditor and to authorise the Directors to agree their remuneration.		
8. To fix the remuneration of each of the Directors at a maximum of £5,000 per annum.		

Notes:

1. If you wish to appoint another person to be your proxy instead of the Chairman of the Meeting, you should delete the words "the Chairman of the Meeting", and write the name of your proxy in the space provided and initial the alteration.
2. Except as otherwise indicated by you, the proxy will vote, or abstain from voting, at the meeting or any adjournment thereof as the proxy thinks fit.
3. In the case of a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
5. To be valid, forms of proxy must reach the principal place of business of the Company, PO Box 311, 11-12 Esplanade, St. Helier, Jersey JE4 8ZU, Channel Islands, not later than 48 hours before the time appointed for the meeting (or any adjourned meeting). Any power of attorney or other authority under which the form of proxy is signed must be sent with the form of proxy.

Signature ________________________________ Date ________________________________

For more information please go to international.lloydsbank.com/products-and-services/investments/funds or call us on 01534 845 555