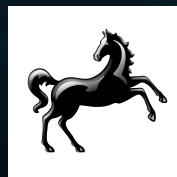


Private Banking

INVESTING WITH CONFIDENCE

AN INVESTOR GUIDE



LLOYDS BANK

LLOYDS BANK INTERNATIONAL LIMITED



INVESTING
WITH CONFIDENCE

I WANT TO MAKE THE RIGHT INVESTMENT CHOICES

We will guide you through the whole investment process, helping you to think through what is involved, from your lifestyle commitments to the types of investment that might be a good fit for you.

We can help identify the right solutions for your financial needs by:

- Gaining a clear picture of your current financial circumstances
- Understanding your views about, and willingness to accept, risk
- Exploring your aims and objectives
- Agreeing solutions to help you build and manage your wealth
- Providing those solutions through the right combination of investments and an appropriate level of risk

Together we can select a financial strategy you'll have confidence in. Ultimately we want to help you reach your financial goals, whether you want to grow your wealth, or safeguard your money for now or in the future.

WHERE I AM TODAY

It's important to know where you are now before deciding how and where to invest your money.

Questions to get you started:

Do you have debts you could pay off now –
such as credit cards charging high rates of interest?

Do you have enough protection for you and your family
if you lost your income?

Do you have easy access to cash from a bank or building society
in case of emergencies or for future plans such as holidays?

Are you already investing in the most efficient way?

WHERE I WANT TO BE

If you decide you're ready to invest, ask yourself what you want to achieve.

Questions to help you get there:

Do you have a lump sum to invest or do you want to save a regular amount?

How long do you want to invest for – are you saving for your retirement, for a particular event or just to build a nest egg?

How much risk are you willing to take with your money – are you essentially cautious or happy to be more adventurous?

Do you need to get a regular income from your investment or do you want it to grow in value?

I NEED TO THINK ABOUT TIMESCALES

Timing is everything when you are choosing how to invest, so it is important to set your time horizons now. If you are about to retire you may want to protect your capital. If you can tie up your capital for longer you might choose to take a greater level of risk in the hope of getting a better return.

Questions to define your time horizons:

Are your financial goals short, medium or long-term?
For example less than five years, five to ten years or over ten years.

Do you need your investments to provide you with an income straight away or can that wait until later – perhaps after you retire?

When will you next need to draw on the capital you are investing now?

Do you already have commitments planned – perhaps weddings, university fees or a house move?

Investment income over time

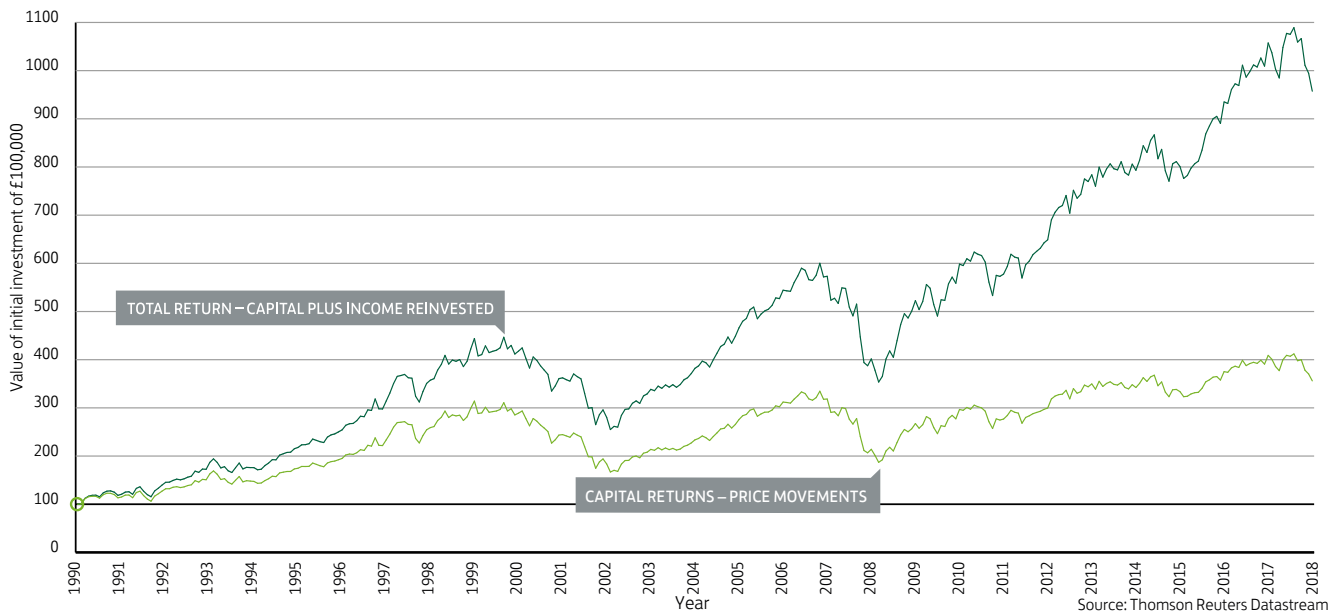
Income from an investment can come in the form of interest or dividends (typically payments representing a share of profits paid to shareholders). How you choose to use any potential income can affect the performance of your investment.

If you reinvest the income, known as 'compounding', you'll add to your overall sum invested with the potential to benefit from further returns on the income you have already received.

This is an option to consider if you don't need to draw an income immediately. If you choose to spend the income then the potential for your investment to grow will be more limited, or may not grow at all.

The chart below shows the difference in the value of an equity investment when the income is spent or reinvested over the long term.

FTSE ALL Share Index (31/12/1990 to 31/12/2018)



Past performance is not an indication of future performance.

The value of investments and the income from them can go down as well as up and cannot be guaranteed.

UNDERSTANDING RISK

A vital part of making the right investment decision is your understanding of and attitude to risk. We want to make sure that you are aware of the possible outcomes of any investment so that you are comfortable with any risk involved.

A key question to ask when deciding how much and where to invest is:

Are you prepared to accept a potential fall in value over the short term if this will improve your chances of generating better returns in the longer-term future?

If your answer is **NO** you are not prepared to take any risks with your money and do not wish to see the value of your investment vary from day to day, then you will need to invest in cash deposits where your capital is safer and any added value comes through interest only.

If your answer is **YES** you are prepared to accept that the value of your investment may rise or fall, then there are many other options open to you, but it is important that you are aware of the nature and extent of the risks involved so you can make an appropriate choice.

Reducing your risk

A good investor will always aim to reduce their overall level of risk by investing in a variety of different assets – known as diversification. Spreading your investments across different types of assets can help minimise the effect that any one event – such as a change in interest rates, or a slump in the property market – can have on your capital. Different investments have different risks and behave in different ways, so by choosing a range of assets you can help to potentially reduce your personal loss if any one of your investments falls in value.

A GUIDE TO THE MAIN TYPES OF INVESTMENT RISK

Inflation risk

The risk that inflation reduces the purchasing power of your capital and/or income. If the return on your investment is less than the inflation rate over the term of your investment, the value of your investment will fall in real terms.

Interest rate risk

Most relevant to cash deposits and bonds, this is the risk that your investment may not benefit if the interest rates move up or down. For example, if your cash deposit is earning a fixed 1% interest over five years, but the market interest rate moves up to 2.5% during this period you would lose potential earnings. You could also lose out if your investment isn't earning a fixed rate of interest and interest rates then fall.

Market risk

The risk of investing in specific markets, such as the property market or stock market. Events that often cannot be predicted can cause prices to fall suddenly in a particular market and significantly affect the value of your investment.

Diversification risk

Most investors are aware of the phrase 'don't put all your eggs in one basket'. You can reduce this risk by spreading your investments widely across a variety of asset types. The downside to this is that above average performance in one asset can be diluted by poorer performance in another.

Stock specific risk

Similar to diversification risk, this is where investors face extra risk by concentrating too much or all of their capital in just one or a small number of stocks, which may be influenced by specific conditions that might not apply to the broader market in general.

Institutional risk

The risk that the bank or building society holding your capital fails.

Counterparty risk

The risk that the other party in an agreement will default, for example, the provider of an investment product.

Default risk

Usually associated with investments in the Bonds asset class such as government or corporate debt. This is the risk that the issuer fails to keep up interest payments to investors or fails to repay the capital at the end of the term.

Credit risk

Closely linked to default risk, where an issuer may not default but there is speculation or a perception that they might. This can lead to a fall in the value of the investments.

Currency risk

Investments in overseas assets can be affected by movements in exchange rates. Even if an asset performs well, investors could see the value of their investment fall when it is subjected to any adverse movement in foreign exchange rates.

Liquidity risk

The risk of not being able to cash in your investment as quickly as you would like or at the price you might expect.



—————

UNDERSTANDING DIFFERENT INVESTMENT TYPES

—————

Before you choose an investment, you should be aware of the possible rewards and be comfortable with the level of risk involved. We have described the main characteristics of each type of investment on the following pages.

CASH DEPOSITS

These include bank and building society accounts, National Savings accounts and other interest paying accounts.

Cash investments generally provide a safe place for your money and give you easy access but generally give lower returns than other assets.

Rewards

Cash deposits are generally secure and usually readily accessible but some are tied in by a notice period or fixed term. They pay a clear interest rate based return, which tends to be higher the more you deposit. Though they pay a more certain return than other investment types, they have usually paid less over the medium to long term than investments such as property or shares that have a higher risk.

Risks

Cash deposits have a minimal risk and your capital – the amount you invest – is secure. However, the effects of inflation can reduce the buying power of your money and interest rate movements can affect the return you'll achieve. For example, if the interest you receive is less than inflation, this means that although each £1 you have will still be worth £1, you may be able to buy less with it due to inflation.

BONDS

Bonds are used by companies and governments to borrow money from investors and they usually have a fixed length or term.

The issuer of the bond (the company or government) agrees to make fixed interest payments to the bondholder (the investor) at regular intervals during the term of the bond. These interest payments are called coupon payments. At the end of the term (known as the redemption date) the issuer repays the original amount borrowed to the bondholder.

The interest, or coupon, paid by a bond depends on the stability of the issuer. If the company or government is very stable and financially secure, then there is a lower risk of not being able to repay the loan so the interest rate paid can be lower. If the company is less stable, then the interest offered will be higher to reflect the risk you're taking.

Rewards

Bonds provide a regular income that is unaffected by interest rate movements. This allows you to 'lock-in' to a fixed income that can potentially pay more than a bank or building society, though your capital is not fully secure. The Bond issuer's stability determines how much prices can change in the short term. Lower risk bonds, such as those issued by the UK Government, mean that your investment is relatively secure, with prices showing only small movements from day to day. More risky investments such as 'junk bonds' can show very pronounced price swings.

You don't have to keep your bonds until the issuer repays – you can sell your bonds to another investor at any time. The price you get might be more or less than if you kept the bond until the redemption date.

Risks

Bonds are effectively loans and so their value depends on the ability of the borrower to pay you regular interest payments and refund your loan on the redemption date. If a company has issued a bond, but then runs into financial trouble, there might be concerns about the company's ability to meet the terms of the loan and the price of the bonds could fall significantly, which could lead to the amount you receive being a lot less than the amount you originally invested. You can safeguard against this risk by diversifying, for example, investing in bonds issued by a variety of companies and governments.

Though the income is stable, the value of bonds can alter depending on changes in interest rates. For example, when the Bank of England changes interest rates in the UK, your bond will be more or less valuable depending on the direction of the interest rate changes. If you buy bonds from overseas institutions you could also be affected by currency risk.

SHARES (EQUITIES)

Equities, also known as stocks or shares – are investments representing fractional or partial ownership in a company which may be listed on the Stock Exchange.

You buy a share in the company and become a shareholder. Equity investments offer a share in any company profits. You will usually receive your share of any profits through a payment called a dividend, which is usually paid twice a year.

When it comes to investing in shares, there's a great choice on offer. There are large and long-established companies, for example those which make up the FTSE 100 – the 100 largest UK companies. There are also smaller, newer companies that make up the Alternative Investment Market (AIM). Share prices can change rapidly and short-term falls or gains in the value of your investments are very common. Frequent price changes are particularly common with smaller, newer companies in the short term, though the long-term rewards can be higher.

Rewards

Though equities are in a higher-risk class than either deposits or bonds, historically they deliver better returns in the long-term than both of these, and outpace inflation. Equities can deliver income through dividends which can increase over time, however, it is worth bearing in mind that past performance isn't a reliable guide to the future.

In the short-term, you can expect prices to fall as well as rise, depending on market conditions. Some of these falls can be very serious so that they don't perform as well as low-risk investments or even lose value. So the key to successful stock market investment is time – you should only consider this if you can invest for the long-term and if you spread your risk by investing across a range of shares in different industries, sectors or companies.

Risks

The value of shares can fluctuate significantly with economic, market or political conditions – a change of government can send prices up or down depending on their policies. You will need to take a long-term view if you invest in equities as it may take many years to reach your financial goals.

Though you might choose equities to earn income from dividends and capital growth in the long-term, returns are not guaranteed and the value of your shares can fall significantly.

One of the risks of investment in shares is that companies are all different and so the share price of one company will behave differently to another. The ultimate risk is that the company you invest in goes bust and you lose your entire investment. Diversifying your investment by buying shares across a range of companies can reduce this risk. Investing in a Unit Trust or Open Ended Investment Company (OEIC) is one way to do this: a professional manager will pool your capital with that of other investors to spread your investment across a wide variety of companies and industries.

Though equity investments are best seen as long-term, shares can be sold at any time, but the amount you receive could be a lot less than the amount you originally bought for. This is why they are considered higher-risk investments.

PROPERTY

Property investment is very popular and usually involves direct investment – buying a physical property – or investment through a property fund.

You may already have a substantial stake in property through your own home, and it's likely to be one of your biggest investments. Direct property investors buy properties to let, develop or sell. Property funds pool money from several investors and invest the money on their behalf usually in commercial property (offices, shops, warehouses, factories) and land. Managers of these funds may also be involved in property development. Returns on the funds are set by changes in the market value of the properties held by the fund and any rental income.

Rewards

Like equities, property has historically given investors better returns than low-risk assets, but you need to take a long-term view. Though slightly less risky than equities, property tends to perform differently, however, it is worth bearing in mind that past performance isn't a reliable guide to the future. There may be a property boom when the stock market is in a slump, or the other way round. Property investment delivers income through rents which can increase over time, meaning income paid to investors can grow, though this cannot be guaranteed. Investing in property funds means that together with the other contributors you can invest across a range of properties that wouldn't be possible if you were simply buying property direct.

Risks

The main risk to direct property investment is a fall in the property market, leaving you with a property worth less than you paid for it – negative equity. Property prices are also influenced by interest rates, for instance higher rates can bring prices down and slow property sales as owners cannot afford higher mortgage repayments. This could also mean that selling the property quickly to get your money back is not possible.

Investing your money in a property fund can limit some of these negative effects, as the fund manager usually keeps a cash or 'liquid' reserve to meet the demands of investors who are looking to sell. But if several investors want to sell at the same time as you and the liquid reserve isn't big enough, the manager can be forced to sell the whole investment to pay you all. So you may not get back what you were expecting or have to wait a long time before you get any money back.

COMMODITIES

Commodities such as agricultural products, precious metal and natural resources can also be used for investment purposes.

You can buy the physical commodity itself, but a more likely approach is to invest in futures contracts or Exchange Traded Commodities (ETCs), which can give you access to a range of commodities more cost effectively. The commodities market is truly global and this provides an extra dimension to investing, but creates additional risks to consider.

Rewards

Commodities are a good way of diversifying a portfolio of investments because, historically, prices have been closely linked with inflation, which cannot be said for many investment types. Although there is a risk of considerable short-term loss, there is also the potential for very good returns. You will pay lower fees for trading in commodities than those for trading equities but this type of investment needs to be carefully managed.

Risks

Commodity prices can be affected by many factors including supply issues, and economic and political influences, so there are a number of possible risks. You should consider the risks carefully, avoid investing too heavily and make any investments as part of a diversified portfolio. ETCs give some protection from the severe ups and downs in commodity prices as they act like a unit trust by spreading the investment, but there is still a strong risk of financial loss. Despite commodities historically providing protection against inflation, this is not guaranteed and price movements can be extreme.

ABSOLUTE RETURN INVESTMENTS

An absolute return in the purest sense is the size of a return over a set period of time and Absolute Return Funds aim to achieve just that – a positive return, although this is not guaranteed.

Techniques used by fund managers vary considerably but usually comprise of a combination of separate asset classes such as cash-based funds, bond funds with special strategies aimed at reducing interest rate risk and alternative investment vehicles such as hedge funds which frequently also use specialised strategies to reduce or minimise specific types of investment risk. In terms of risk-return profiles these sub-asset classes can sometimes display a degree of similarity, hence the basis for aggregating these into one risk-return bucket to simplify the asset class categorisation.

Since the sole aim of the fund is to generate positive returns, the fund manager will not consider outside influences such as inflation, cash or the performance of other investments, meaning performance will not be directly comparable.

Rewards

Absolute return investments aim to give positive returns whatever happens in the financial markets, even when they are falling, though this isn't guaranteed.

Risks

Since fund managers can use a wide variety of investments and techniques, one fund can be very different to the next, and the exact make up of the fund can be hard to pin down. Benchmarks for success are usually set in cash, rather than the indexes used by unit trusts or Open Ended Investment Companies (OEICs), but success isn't guaranteed and investors may not make a positive return in real terms. Although these investments aim to make a positive return, there is no guarantee and they can lose money.

STRUCTURED PRODUCTS

Structured products, often referred to as market-linked investments have emerged from the need to generate returns for investors which are just not possible from more conventional investments.

Structured products are typically 'packaged' investments with a limited lifespan and can be used in isolation to meet a specific investment goal or as part of a sensible diversification strategy. Most investments of this nature offer a predetermined minimum return but offer no guarantees.

Rewards

Whilst there is no single uniform definition of a structured product, most are based upon two essential components. The first is a low-risk element, often known as a 'principal guarantee' which offers the assurance of a predetermined return if the investment is held to maturity. The term 'guarantee' in this sense is misleading since even the low-risk element could be in doubt if the issuer hit financial difficulty. The second element is a high-risk component, usually a sophisticated financial instrument such as an option, which will determine the size of the eventual return.

Risks

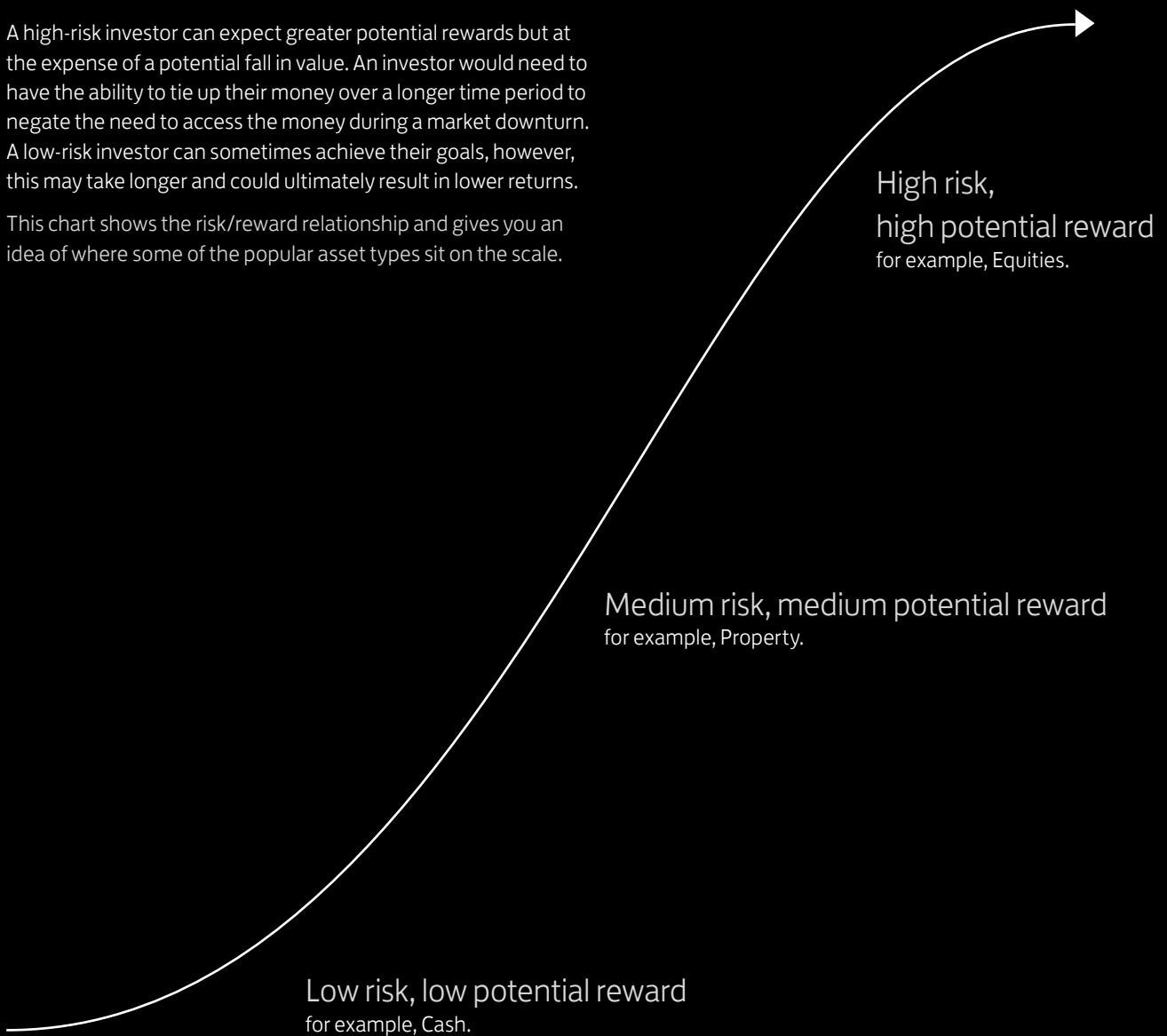
Structured products aim to provide investors with the potential for a positive return coupled with limiting the possibility of loss. However, this is not guaranteed nor is there any guarantee of generating a positive return or beating inflation. Structured products often involve limited visibility for investors, in other words it is difficult to track the value of your investment, with the actual return sometimes unclear until eventual maturity. Additionally these investments lack liquidity and as such encashing them early will lead to penalty or loss of interest.

RISK VERSUS REWARD

All investments carry some degree of risk, but the level of risk is usually proportional to the potential rate of return.

A high-risk investor can expect greater potential rewards but at the expense of a potential fall in value. An investor would need to have the ability to tie up their money over a longer time period to negate the need to access the money during a market downturn. A low-risk investor can sometimes achieve their goals, however, this may take longer and could ultimately result in lower returns.

This chart shows the risk/reward relationship and gives you an idea of where some of the popular asset types sit on the scale.



Lloyds Bank International Limited, a Jersey registered and regulated bank, is a subsidiary of Lloyds Bank Corporate Markets plc, a UK non-ring-fenced Bank. Both companies are part of Lloyds Banking Group plc and are independent from Lloyds Bank plc which is Lloyds Banking Group's ring-fenced, UK regulated retail and commercial bank. For more information on ring-fencing visit international.lloydsbank.com/ringfencing

Important Information

You will be receiving advice from one of the companies listed below.

For confirmation of who is providing the service/product. Please refer to your initial disclosure document or speak to your adviser.

Issued by Lloyds Bank Private Banking.

Lloyds Bank International Limited, Registered Office and principal place of business: 11-12 Esplanade, St. Helier, Jersey JE2 3QA. Lloyds Bank International Limited is incorporated in Jersey No. 4029 and is regulated by the Jersey Financial Services Commission to carry on deposit-taking business under the Banking Business (Jersey) Law 1991 and investment and general insurance mediation business under the Financial Services (Jersey) Law 1998. Lloyds Bank International Limited subscribes to the Jersey Code of Practice for Consumer Lending and has also notified the Jersey Financial Services Commission that it carries on money service business.

The Isle of Man branch of Lloyds Bank International Limited of PO Box 111, Peveril Buildings, Peveril Square, Douglas, Isle of Man IM99 1JJ is licensed by the Isle of Man Financial Services Authority to conduct deposit-taking and investment business and is also registered as an insurance intermediary in respect of general business.

The Guernsey branch of Lloyds Bank International Limited, principal place of business: PO Box 136, Sarnia House, Le Truchot, St. Peter Port, Guernsey GY1 4EN is licensed by the Guernsey Financial Services Commission to take deposits and to carry on controlled investment business and insurance intermediary business under The Banking Supervision (Bailiwick of Guernsey) Law, 1994, The Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) and The Insurance

Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 (as amended), respectively, and is also registered with the Guernsey Financial Services Commission as a money service provider.

Lloyds Bank International Limited is an authorised financial services provider in South Africa. Lloyds Bank International Limited, Registered Office and principal place of business: 11-12 Esplanade, St. Helier, Jersey JE2 3QA. Lloyds Bank International Limited is incorporated in Jersey No. 4029 and is regulated by the Jersey Financial Services Commission to carry on deposit-taking business under the Banking Business (Jersey) Law 1991 and investment and general insurance mediation business under the Financial Services (Jersey) Law 1998.

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

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

Rules and regulations made under the Financial Services and Markets Act 2000 for the protection of investors, including the Financial Services Compensation Scheme, do not apply to the financial services business of companies within the Lloyds Banking Group carried out from offices outside of the United Kingdom.

This brochure has been approved by Lloyds Bank plc. Registered Office: 25 Gresham Street, London EC2V 7HN. Registered in England and Wales No. 2065. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under Registration number 119278.

Go to lloydsbank.com/international
or call us on +44 1534 845 555,
Monday to Friday, 9am-5pm.

Calls may be monitored or recorded in case we need to check we have carried out your instructions correctly and to help improve our quality of service.



LLOYDS BANK

LLOYDS BANK INTERNATIONAL LIMITED
