

CF Seneca Diversified Income Fund

September 2017



Research area

Investment team

Asset allocation	Peter Elston - chief investment officer
UK equities	Mark Wright - fund manager
Specialist assets	Richard Parfect - fund manager *
Fixed income	Alan Borrows - senior fund manager *
Overseas equity & investment themes	Tom Delic - fund manager

* Portfolio oversight (process implementation, cash and cashflow management)

Investment aim

To generate a high level of income with the prospect of maintaining the real value of capital over the long term, by investing in a multi-asset portfolio managed with a focus on value. The fund may include directly invested UK equities with a bias towards mid cap stocks, and overseas equity, fixed income and specialist investments held through third party funds.

Income

Historic net yield ¹	4.70%
Distributions	monthly

Commentary

- Sterling slipped back in August following several months of strength as Brexit fears resurfaced
- Safe haven bond yields fell and gold rose, as tension on the Korean peninsula spooked markets
- Equity markets were mixed but on the whole firm as growth expectations continued to improve
- We reduced the fund's equity target by 1%pt and are now underweight in relation to strategic asset allocation; proceeds moved into fixed income and specialist assets
- Several holdings were reduced, in order to facilitate the 1% reduction in TAA to UK equities
- Steady interim results from Legal & General, which continues to offer an attractive dividend yield of close to 6%
- Liontrust European Enhanced Income Fund was added to in order to bring the position back to its target weight
- Royal London Short Duration High Yield Bond Fund was added to following an increase in the tactical asset allocation to fixed income
- We increased the holding of UK Mortgages Limited now that it is close to fully invested and returns should now improve
- The high inflation linkage to returns from infrastructure projects within International Public Partnerships lead us to increase the weighting as a destination for capital raised from equities

5 year performance chart (%)



Cumulative performance (%)	3 months	6 months	1 year	3 years	5 years	Since launch
CF Seneca Diversified Income Fund	1.4	6.4	12.9	26.2	52.6	119.8
IA Mixed Investment 20-60% Shares	0.7	3.4	7.2	19.2	38.4	103.0

Discrete annual performance (%)	31.08.2017	31.08.2016	31.08.2015	31.08.2014	31.08.2013
CF Seneca Diversified Income Fund	12.9	9.1	2.5	6.0	14.1
IA Mixed Investment 20-60% Shares	7.2	10.2	0.9	6.9	8.6

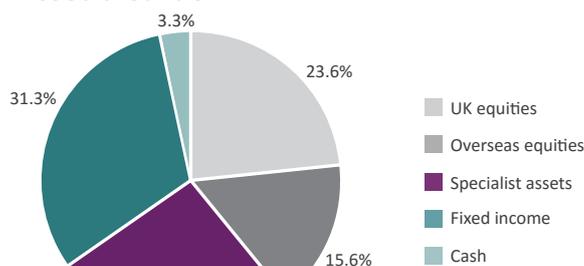
Source for all performance data: FE Analytics. Basis: Bid to bid, net income reinvested and net of fees in UK Sterling terms. The information on this factsheet is as at 31.08.2017 and refers to the 'B' share class with the exception of performance prior to 26.03.2012 which is calculated using the 'A' share class, unadjusted for the lower fees of the 'B' share class. Past performance is not a guide to future returns. The value of investments and any income may fluctuate and investors may not get back the full amount invested.

Morningstar
Rating
3 Year



CF Seneca Diversified Income Fund

Asset breakdown



Source: Seneca IM

UK direct equities*

1	Marston's	1.4%
2	Kier Group	1.2%
3	Marks & Spencer	1.2%
4	Phoenix Group	1.2%
5	Halfords	1.2%

Overseas equities

1	Prusik Asian Equity Income	2.6%
2	Liontrust European Enhanced Income	2.4%
3	Blackrock World Mining	2.3%
4	Schroder Asian Income Maximiser	2.0%
5	Invesco Perpetual European Equity Income	1.9%

Fixed income

1	Royal London Short Duration Global High Yield Bond	7.1%
2	Muzinich Short Duration High Yield	6.9%
3	Royal London Sterling Extra Yield Bond	6.0%
4	Templeton Emerging Markets Bond	5.2%
5	TwentyFour Select Monthly Inc	4.0%

Specialist assets

1	AJ Bell Holdings ¹	3.8%
2	International Public Part'	2.0%
3	Doric Nimrod Air Two	1.9%
4	Fair Oaks Income	1.7%
5	John Laing Enviro'	1.3%

* Investment may also be made in UK equities via other third party funds.

¹ Unquoted investment Source: Capita Financial

Key facts

Launch date	8 April 2002
Size	£103.33m
A Class month end price	96.52p
B Class month end price	115.57p
N Class month end price	114.05p
Total holdings	59
IA sector	Mixed Investment 20-60% shares
Share type	Monthly income only
Valuation point	12:00 midday

Share class info	A	B	N
OCF*	1.85%	1.20%	1.45%
Min lump sum	£3,000	£100,000	£1,000
Min reg saver	£50	-	£50
ISIN	GB0031467961	GB00B7JTF560	GB00B61Y0911
SEDOL	3146796	B7JTF56	B61Y091

* Based on expenses as at 31.03.2017

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Important information

1. The Historic Yield reflects distributions declared over the past twelve months as a percentage of the unit price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. A portion of the fund's expenses are charged to Capital. This has the effect of increasing the distribution(s) for the year and constraining the fund's capital performance to an equivalent extent.

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Multi-Asset Value Investing