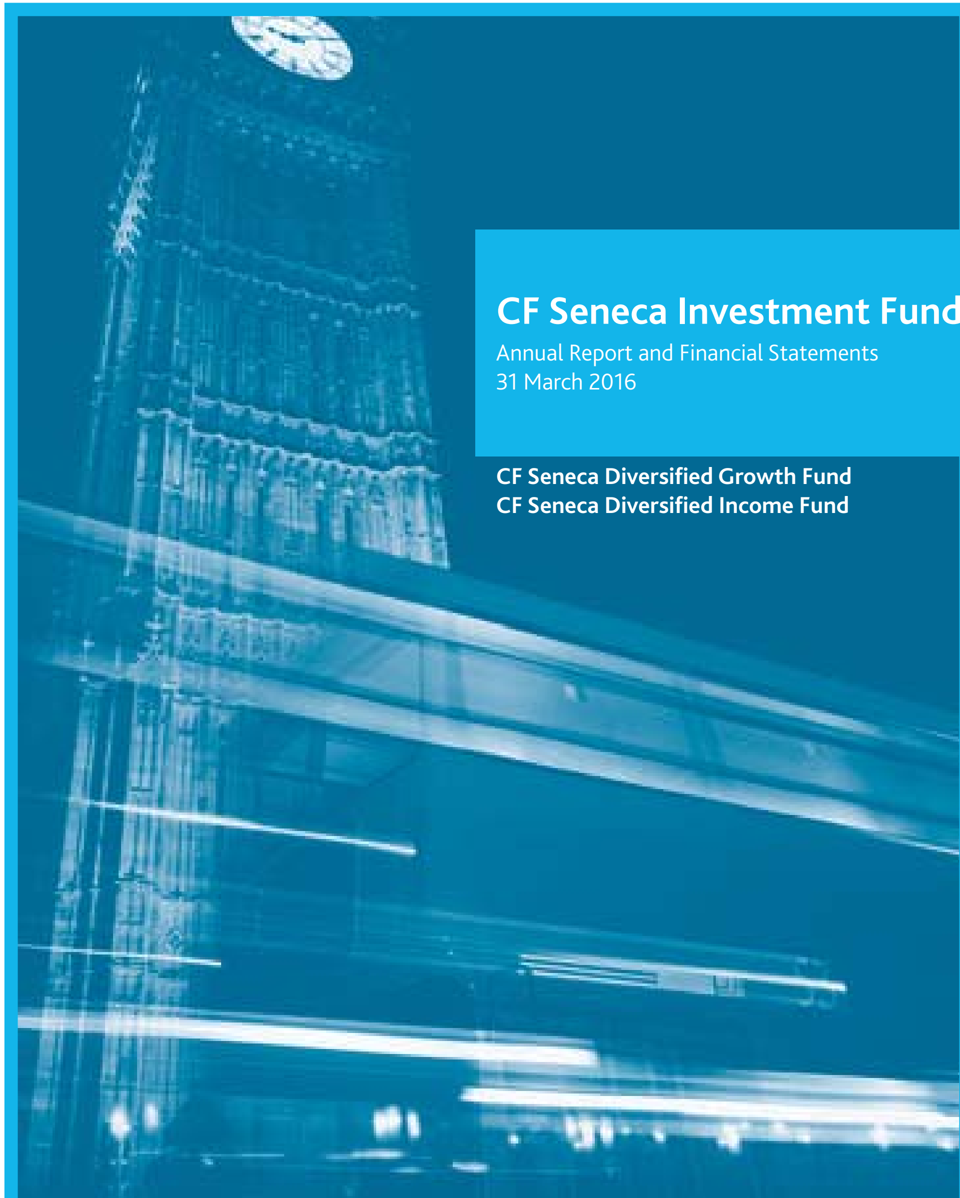
CAPITA

SENECA INVESTMENT MANAGERS



CF Seneca Investment Funds

Annual Report and Financial Statements
31 March 2016

CF Seneca Diversified Growth Fund
CF Seneca Diversified Income Fund

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CF SENECA DIVERSIFIED GROWTH FUND

CF SENECA DIVERSIFIED INCOME FUND

ACD'S REPORT
FOR THE YEAR ENDED 31 MARCH 2016

AUTHORISED STATUS
CF Seneca Investment Funds ('the Company') is an investment company with variable capital incorporated in England and Wales under registered number IC000342 and authorised by the Financial Conduct Authority with effect from 5 October 2004. The Company has unlimited duration.

Shareholders are not liable for the debts of the Company. Shareholders are not liable to make any further payment to the Company after they have paid the price on purchase of the shares.

The Company is a UCITS scheme and the base currency of the Company and each sub-fund is Pounds Sterling.

IMPORTANT INFORMATION
The prices of all shares are now published on the Capita Asset Services website www.capitafinancial.com. The prices of shares may also be obtained by calling 0345 608 1497 during the ACD's normal business hours.

Refer also to the 'Important Information' section for CF Seneca Diversified Income Fund.

CROSS HOLDINGS
No sub-funds had holdings in any other sub-fund of the Company at the end of the year.

REMUNERATION POLICY
Capita Financial Managers Limited ('CFML') is committed to ensuring that its remuneration policies and practices are consistent with, and promote, sound and effective risk management. CFML's remuneration policy is designed to ensure that excessive risk taking is not encouraged by or within CFML including in respect of the risk profile of the funds it operates, to manage the potential for conflicts of interest in relation to remuneration (having regard, inter alia, to its formal conflicts of interest policy) and to enable CFML to achieve and maintain a sound capital base.

The UCITS-related remuneration requirements to which CFML is subject result from the amendments to the UCITS directive that came into force on 18 March 2016. Certain of these will only apply from the start of CFML's first full performance period commencing after that date. This will be 1 January 2017 to 31 December 2017. Consequently, in respect of the remuneration disclosures required by COLL 4.5.7 R (7), CFML believes that such information as is presently available would not necessarily be materially relevant or reliable, or provide investors with a proper basis for comparison. Accordingly, and in line with applicable FCA guidance, the disclosures required under COLL 4.5.7 R (7) have not been included in this report.

CFML delegates portfolio management for its funds to various investment management firms. The investment managers' fees and expenses for providing investment management services are paid by the ACD out of its own remuneration under the ACD agreement. The investment management firms generally also make information on remuneration publicly available in accordance with the disclosure requirements of Pillar 3 of the Capital Requirements Directive.

CAPITA FINANCIAL MANAGERS LIMITED
ACD of CF Seneca Investment Funds
18 July 2016

DIRECTOR'S STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

N. BOYLING

CAPITA FINANCIAL MANAGERS LIMITED
ACD of CF Seneca Investment Funds
18 July 2016

STATEMENT OF ACD'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The ACD is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland with early application of Amendments to FRS 102 – Fair value hierarchy disclosure, issued in March 2016.

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (the 'COLL Sourcebook') requires the ACD to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company, comprising each of its sub-funds, and of the net revenue/expense and of the net capital gains/losses on the scheme property of the Company's sub-funds, for that year. In preparing those financial statements, the ACD is required to:

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

The ACD is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company's sub-funds, and to enable it to ensure that the financial statements comply with the COLL Sourcebook. The ACD is also responsible for safeguarding the assets of the Company's sub-funds, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the ACD is aware:

- there is no relevant audit information of which the Company's Auditor is unaware; and
- the ACD has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the Auditor is aware of that information.

STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

The Depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL), as amended, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended (the 'OEIC Regulations'), the Company's Instrument of Incorporation and Prospectus, in relation to the pricing of, and dealings in, shares in the Company; the application of revenue of the Company; and the investment and borrowing powers applicable to the Company.

REPORT OF THE DEPOSITARY
FOR THE YEAR ENDED 31 MARCH 2016

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the Authorised Corporate Director:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with COLL and, where applicable, the OEIC Regulations, the Instrument of Incorporation and the Prospectus of the Company; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

BNY MELLON TRUST & DEPOSITARY (UK) LIMITED
Depositary of CF Seneca Investment Funds
18 July 2016

CF SENECA INVESTMENT FUNDS
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CF SENECA INVESTMENT FUNDS

We have audited the financial statements of CF Seneca Investment Funds ('the Company') for the year ended 31 March 2016 which comprise the accounting policies of the Company, the Statement of Total Return, Statement of Changes in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables for each of the Company's sub-funds. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE AUTHORISED CORPORATE DIRECTOR (ACD) AND AUDITOR

As explained more fully in the ACD's responsibilities statement set out on page 6, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the ACD; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 31 March 2016 and of the net revenue and the net capital losses on the scheme property of the Company comprising each of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

OPINION ON OTHER MATTERS PRESCRIBED BY THE RULES OF THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK OF THE FINANCIAL CONDUCT AUTHORITY

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation;
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records; and
- we have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

ERNST & YOUNG LLP
Statutory Auditor
London
18 July 2016

The principal accounting policies, which have been applied to the financial statements of the sub-funds in both the current year and prior period, are set out below. These have been applied consistently across all sub-funds unless otherwise stated in the Notes to the Financial Statements of each sub-fund.

(a) *Basis of accounting*
The financial statements of each sub-fund have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland including early application of Amendments to FRS 102 – Fair value hierarchy disclosures, issued in March 2016. The financial statements have been prepared in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of UK Authorised Funds issued by the Investment Association ('IA') in May 2014. Previously, the requirements of the SORP issued by the IA in October 2010 were applied; there are no changes to the financial statements of the sub-funds on adoption of the new SORP and FRS 102, other than minor presentational amendments and additional disclosures in notes 11 to 14.

(b) *Recognition of revenue*
Dividends on quoted equities and preference shares are recognised when the securities are quoted ex-dividend.

Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution is deducted from the cost of the investment in the scheme and does not form part of the distributable revenue.

Reportable income from funds with 'Reporting Fund' status for UK tax purposes is recognised when the information is made available by the Reporting Fund.

Revenue from unquoted equity investments is recognised when the dividend is declared.

Rebates of annual management charges (AMC rebates) from underlying investments are accounted for on an accruals basis and are recognised as revenue, or capital in line with the allocation of the annual management charge between capital and revenue of the underlying investments.

Underwriting commission is wholly recognised as revenue when the issue takes place, except where the Company is required to take up all or some of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares.

Interest on bank and other cash deposits is recognised on an accruals basis.

Revenue is recognised gross of any withholding taxes but excludes attributable tax credits.

(c) *Treatment of stock and special dividends*
The ordinary element of stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue of the Fund.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. Amounts recognised as capital are deducted from the cost of the investment. The tax accounting treatment follows the treatment of the principal amount.

(d) *Treatment of expenses*
All expenses, except for those relating to the purchase and sale of investments and stamp duty reserve tax, are charged initially against revenue.

Expenses incurred by tax transparent funds are recognised when the information is made available by the Reporting Fund.

(e) *Allocation of revenue and expenses to multiple share classes and sub-funds*
Any revenue or expense not directly attributable to a particular share class or sub-fund will normally be allocated pro-rata to the net assets of the relevant share classes and sub-funds, unless a different allocation method is more appropriate.

All share classes are ranked pari passu and have no particular rights or terms attached, including rights on winding up.

(f) *Taxation*
Corporation tax is provided at 20% on taxable revenue, after deduction of allowable expenses.

Offshore income gains, from funds without reporting status, are liable to corporation tax at 20% and any resulting charge is deducted from capital.

Where overseas tax has been deducted from overseas revenue that tax can, in some instances, be set off against the corporation tax payable by way of double tax relief and where this is the case the offset is reflected in the tax charge.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

(g) *Distribution policy*
Surplus revenue after taxation, as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to shareholders. Any deficit of revenue is deducted from capital.

Interim distributions may be made at the ACD's discretion. Final distributions are made in accordance with the COLL Sourcebook.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the sub-fund.

(h) *Basis of valuation of investments*
All investments are valued at their fair value as at 12.00pm on 31 March 2016, being the last business day of the financial year.

Quoted investments are valued at fair value which generally is the bid price.

Collective investment schemes are valued at published bid prices for dual priced funds and at published prices for single priced funds.

(h) *Basis of valuation of investments (continued)*
Structured products for which a price can only be obtained from the issuer are valued at the fair value per the issuer and the value is confirmed by an independent price provider by reference to the terms as defined in the term sheet of the structured product.

For investments for which there is no quoted price or for which the quoted price is unreliable, fair value is determined by the ACD, taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance, maturity of the company and other relevant factors.

(i) *Exchange rates*
The base and functional currency of the sub-funds is Pounds Sterling. Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the exchange rate prevailing at 12.00pm on the last business day of the financial year.

(j) *Dilution levy*
The ACD may require a dilution levy on the purchase and redemption of shares if, in its opinion, the existing shareholders (for purchases) or remaining shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the scheme property of a sub-fund is in continual decline; on a sub-fund experiencing large levels of net purchases relative to its size; on 'large deals' (typically being a purchase or redemption of shares to a size exceeding 5% of the Net Asset Value of the relevant sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining shareholders require the imposition of a dilution levy.

(k) *Direct transaction costs*
Direct transaction costs may consist of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Indirect transaction costs may be incurred on transactions in underlying schemes but these do not form part of the direct transaction costs' disclosures. Direct transaction costs do not include any difference between the quoted bid and offer prices or internal administrative or holding costs. The average portfolio dealing spread disclosed is the difference between the bid and offer prices of investments at the balance sheet date, including the effect of foreign exchange, expressed as a percentage of the value determined by reference to the offer price.

CF SENECA DIVERSIFIED GROWTH FUND
ACD'S REPORT
FOR THE YEAR ENDED 31 MARCH 2016

IMPORTANT INFORMATION
Refer to the 'Important Information' section on page 4.

INVESTMENT OBJECTIVE AND POLICY
The investment objective of CF Seneca Diversified Growth Fund ('the Fund') is to achieve long-term capital growth by investing in a balanced and well diversified portfolio of UK and international equities, and fixed interest securities including government and corporate bonds. Investments will also be made in regulated collective investment schemes, money markets and cash deposits to provide further diversification to the Fund in accordance with applicable regulations.

CAPITA FINANCIAL MANAGERS LIMITED
ACD of CF Seneca Diversified Growth Fund
18 July 2016

INVESTMENT MANAGER'S REPORT

PERFORMANCE OF THE FUND TO 31 MARCH

Cumulative Performance	6 months	1 year	3 years	5 years
CF Seneca Diversified Growth Fund	4.1%	-3.3%	11.1%	24.4%
IA Mixed Investment 40-85% Shares	4.8%	-2.9%	13.4%	27.9%
Quartile ranking	3	3	3	3

Discrete Performance	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
CF Seneca Diversified Growth Fund	-3.3%	8.5%	5.9%	13.1%	-1.0%
IA Mixed Investment 40-85% Shares	-2.9%	10.6%	5.6%	12.7%	0.1%
Quartile ranking	3	4	3	3	3

Source: FE Analytics Total Return: Net Income Reinvested, GBP. The Investment Manager uses the IA Mixed Investment 40-85% Shares Index for comparison only. No benchmark is required to be disclosed per the Prospectus.

Over the last year, the Fund ('A' shares) has returned -3.3% underperforming its peer group, as represented by the IA Mixed Investment 40-85% shares universe, by 0.4% which places below the median return when compared with similar funds.

The Fund also underperformed the peer group over three years, returning 11.1% compared with a peer group return of 13.4% resulting in a third quartile ranking. Over the longer five year period, the Fund returned 24.4% against a comparative peer group return of 27.9%.

ASSET ALLOCATION

Asset Class	31 March 2015		31 March 2016	
	Fund %	Strategic Asset Allocation %	Fund %	Strategic Asset Allocation %
Equities				
UK	23.6	20.0	23.1	20.0
North America	5.2	8.0	3.6	8.0
Europe ex UK	11.2	8.0	13.4	8.0
Japan	9.5	8.0	8.2	8.0
Asia Pacific ex Japan	11.8	8.0	11.1	8.0
Emerging Markets	5.7	8.0	4.8	8.0
Other Overseas/ Global	1.5	–	1.7	–
Total Equities	**68.5**	**60.0**	**65.9**	**60.0**
Fixed Income	**12.9**	**15.0**	**9.6**	**15.0**
Specialist Assets	**17.9**	**25.0**	**22.3**	**25.0**
Cash equivalents and net other assets	**0.7**	**–**	**2.2**	**–**
Total	**100.0**	**100.0**	**100.0**	**100.0**

Over the reporting year, we have increased our allocation to Europe ex UK but reduced our exposure to all other main equity markets, most notably Japan and Emerging Markets.

Europe's economy still faces challenges, but the direction of travel is positive. The case for the Europe overweight position is that unemployment, though now declining, still has a long way to fall, suggesting that monetary policy will remain loose for longer than in, say, the US or the UK. This, combined with equity valuations that are reasonable and corporate profitability that still has room to improve, should bode well for markets in the medium term.

The 'Other Global' overweight is targeted at one particular fund, namely the BlackRock World Mining Trust, and reflects the view that the commodities cycle is in the process of bottoming.

Elsewhere in overseas equities, we are considerably underweight in the US, where we think markets are overvalued as well as more likely to suffer from the Federal Reserve tightening. We remain decently positioned in Asia but are a little more wary of emerging markets.

Within fixed interest, real yields in developed country government bonds across the board are either negative or close to zero, which in our view does not represent good value. Inflation would have to fall substantially for real returns from bonds to be decent, a scenario we do not envisage. Central banks continue to operate very loose monetary policies which should support inflation, while governments stand ready to boost fiscal policy if needed. Instead, our fixed income

ASSET ALLOCATION *(continued)*
position is focused on high yield and emerging market bonds. We have sought to invest in funds that are shorter duration and have low exposure to the US energy sector which has been experiencing rising defaults as a result of the low oil price.

Our specialist assets exposure seeks to target investments that offer something interesting in relation to equities and bonds; in the case of equities this is more stable income streams and in the case of bonds it is income streams that are index-linked. In specialist investments, we have a focus on non-core property, asset leasing and renewable energy, where yields are still very attractive. Our private equity exposure is largely in A J Bell Holdings, a private company in which we are one of three outside shareholders.

UK EQUITIES
At the beginning of the reporting year, a new position was initiated in Diploma plc, an international supplier of specialised technical products and services. The company operates in carefully selected, niche markets, commands a dominant position and has an exemplary track record of earning high returns on capital, enabling the dividend to compound at 18% p.a. over the last decade. We raised capital from exiting our position in Quintain Estates & Developments, after the Board recommended an all cash offer from Lone Star, a US based real estate fund, representing a 22% premium to the previous day's closing share price. We also sold our holding in Sky on valuation grounds and due to concerns regarding a changing industry landscape. An increasing number of new technologies, by which consumers can access TV services, is potentially shifting the balance of power away from TV distributors, such as Sky, towards those producing content.

Towards the end of 2015, a new position was initiated in Senior, a 'build-to-print' manufacturer of high technology components and systems within the aerospace, defence, land vehicles and energy industries. The company is on the majority of major aerospace platforms, which generate around two thirds of revenues and thereby provide good visibility of future growth. We also established a holding in Morgan Advanced Materials, on a prospective 5% yield, well covered by cash flow and supported by a reasonably strong balance sheet. There is significant potential for new management to enhance returns for shareholders. Both of these new positions were funded from the sales of GKN and Bodycote. Although also engineering companies, we believe Senior is a higher quality business than GKN and Morgan Advanced Materials is on a much lower valuation than Bodycote.

A new investment was also made in Bovis Homes Group, a UK housebuilder focussed on constructing family homes, predominantly south of Birmingham. The shares trade at an attractive valuation relative to the sector and also in absolute terms, whilst the company has a clear plan to drive shareholder returns through volume expansion. We also replaced our holding in Dixons Carphone with Halfords Group. Halfords reported poor bicycle sales over the previous summer and the shares had been weak since. This was partly because of inclement weather and also due to the anniversary of the Tour de France passing through Yorkshire. Having fallen over 35% from their peak, the shares were yielding close to 5% and a new management team has the potential to improve operations. Dixons Carphone had performed exceptionally well, leaving the valuation a little stretched.

In more recent months, a new position was started in International Personal Finance, an emerging market home credit provider. The shares were yielding over 5%, which is well covered by cash flow and supported by a strong balance sheet. The company is currently navigating recent regulatory changes in some of its key markets, but new product initiatives and entry into new geographies should ensure that growth soon resumes. Royal Dutch Shell was another new investment at the beginning of 2016. A collapse in the oil price to below $30 left the shares trading substantially below book value and yielding over 10%. The dividend is supported by a strong balance sheet and ongoing asset disposal programme. The downstream business is also generating healthy profits, whilst the BG Group acquisition should be cash flow accretive. We also established a new position in Marston's, the brewer and pub operator. The shares were trading at book value and yielding close to 5%. Recent statements by Marston's have been reassuring and we are confident in management's ability to continue to improve operations. This was funded by the partial sale of UBM, which we exited on valuation grounds. The shares had had a strong run, following the release of year end results. Our remaining holding was then sold at the beginning of April.

Victrex, a leading manufacturer of Polyether ether ketone ('PEEK'), was another new investment. PEEK is a high performance polymer, for which Victrex is continually finding new uses. It is lightweight, strong, resistant to chemicals and extreme temperatures, is bio inert and also electrically conductive. The company has net cash on the balance sheet and we believe special dividends are likely in future years. Marks & Spencer Group ('M&S') replaced Next early in 2016, due to its relative yield and valuation attractions. M&S shares had fallen considerably from their highs reached in May of last year, leaving them yielding over 4.5% and trading on a similar price to book ratio as during the Eurozone Sovereign Debt Crisis. There is significant scope for the new CEO, Steve Rowe, to turn around the general merchandise division, having previously been largely responsible for improving the food business. One notable event during the first quarter of 2016 was in Premier Foods, which received an indicative offer from McCormick & Company, leading to a rally in the shares of 45% over the quarter.

OVERSEAS EQUITIES
During the second half of 2015, a new position was initiated in BlackRock World Mining Trust due to its high 10% yield and discount to NAV of 7%, both metrics which we believed offered a margin of safety. The trust's objective provides diversified exposure to mining and metal assets worldwide with a view to maximising total returns. Two of the top ten holdings are leading mining companies BHP Billiton and Rio Tinto. Although BlackRock World Mining Trust has had a difficult time over the last three years, recent relative performance appears to have stabilised. The mining sector appears to be responding to the difficult environment by cutting capex and reducing costs. With such a high yield and mining sector valuations having fallen, we felt shareholders were being relatively well compensated for the contrarian risk being taken.

We also established a holding in European Assets Trust which specifically focuses on European small and medium sized companies that could be potential beneficiaries of a weaker euro, lower energy costs and rehabilitating banking system. Sam Cosh, fund manager, focuses on balance sheets and cash flows within his fundamental analysis to select stocks. The trust adopts a high conviction portfolio approach (40-60 positions) and this vehicle has historically paid a high dividend to shareholders, equivalent to a c. 5.1% yield. European Assets Trust replaced Verrazano Advantage European fund. Although Verrazano had performed relatively strongly, it was exited on grounds that the fund's income generation was insufficient. These positions were also funded through the complete sale of Lyxor UCITS ETF JPX-Nikkei 400, on the grounds that the equity exposure it provided was unhedged. Remaining sales proceeds were re-allocated between Jupiter Japan Income fund (hedged) and the Goodhart Partners Horison Michinori Japan Equity fund.

Within Japan, similar reasoning applied to the switch into CC Japan Income & Growth Trust. Participation in this IPO was financed by the sales of Lyxor UCITS ETF JPX Nikkei 400 and Source JPX-Nikkei 400 UCITS ETF. The CC Japan Income & Growth fund (run by Coupland Cardiff) is

OVERSEAS EQUITIES *(continued)*
managed by Richard Aston and has a 3% yield objective. This will be achieved by investing in a multi-cap equity portfolio, where management have committed themselves to a focus on shareholder returns. As an aside, this trust also offers exposure to the beneficial effects arising from 'Abenomics' on Japan's corporate culture. Lastly, proceeds from the sale of the iShares Gold Producers UCITS ETF were reinvested to further increase our holding in BlackRock World Mining Trust.

In the remainder of the year we added to the existing Fund's holdings in the US and Europe on price weakness as we looked to bring positions back to target weightings, including an exit from US technology stocks held through the Amundi ETF Nasdaq 100 UCITS ETF. In Europe, one of the largest additions was made into the Schroder European Alpha Income fund. Fund Manager, James Sym, looks to invest in businesses based on an assessment of where he perceives we are in the business cycle. Approximately one third of the Schroder fund is currently invested in 'Cyclical Yield' equities which is designed to help the portfolio participate in a recovery across European economies.

SPECIALIST ASSETS, INCLUDING PROPERTY
The Fund's weighting to specialist assets increased over the year, with new holdings established in REITs in particular. AEW UK REIT is focussed on second tier retail property. As we move towards the latter stage of the property cycle we expect some of this yield compression to be experienced in the type of property invested in by AEW. This REIT is forecast to yield 8%. A further two new investments took place in September. Firstly, UK Mortgages which aims to take advantage of regulatory changes, including tighter restrictions on leverage and capital, which have effectively forced some mortgage originators to sell parts of their mortgage book. This vehicle should achieve total returns of 7-10% pa by purchasing mortgage books using a combination of equity and debt financing. Secondly, Ediston Property Investment is a Real Estate Investment Trust managed by a highly experienced team. They are pursuing an active management strategy in several areas of the UK regional commercial property market, including offices and retail parks where we agree there are better value opportunities to be found.

New positions were also established in aircraft leasing – Doric Nimrod Air Two and DP Aircraft. Doric Nimrod leases Airbus 380s to Emirates which, unlike many airlines, has consistently grown profits for the last 26 years. The company provides a high single digit yield as well as the potential for capital growth over the medium term. In contrast, DP Aircraft owns the Boeing Dreamliner aircraft, diversifying the Fund's aircraft leasing exposure by manufacturer, airline operator and route.

We made a further investment in John Laing Environmental Assets Group which owns and manages a portfolio of diversified renewable energy and waste management assets. The position in Woodford Patient Capital was reduced in June (with further sales in July and August) as the popularity of the fund launch had seen the shares move to a 12% premium to underlying asset value, which we felt was an overvaluation, and we exited from the holding of P2P Global Investments (peer to peer consumer lending vehicle).

We have decided to focus the Fund's exposure to this new form of lending through a specialist vehicle, Ranger Direct Lending, which underwrites secured loans to small and medium sized companies which we feel should prove more defensive through the economic cycle, partly financed through the sale of JP Morgan Global Convertibles Income fund. We also sold our holding in the Barclays Q-MA Supertracker, which provided exposure to a merger arbitrage strategy.

Towards the end of 2015, we participated in the equity raising of Assura. This is a REIT that is focussed on GP surgeries and local health centres. The management source, develop and own the estate and act as landlord to the growing NHS primary care sector. Rental income is highly secure and there is a strong linkage to inflation. We exited this holding at the beginning of 2016, entirely on valuation grounds as the shares had performed very well. We remain positive towards the sector and we felt there would be an opportunity to re-enter the sector either through Assura or with one of the other REITs investing in the space. Overall exposure to property has remained fairly static, as we have taken profits and reduced the size of our investment in Custodian REIT, LondonMetric Property and Ediston Property Investment following our earlier purchase.

We exited our remaining holding of Woodford Patient Capital Trust in October as the shares stood on a premium to net asset value. We felt this could prove vulnerable given the exposure to biotechnology and healthcare which has seen valuations reach arguably overvalued levels.

Infrastructure investment has been bolstered with the addition of a new investment, Greencoat UK Wind, which pays a 6% yield via its ownership of onshore and offshore UK wind farms. Although a new investment for the Fund, we have followed the management team since they launched their vehicle. We admire the disciplined approach to capital allocation displayed by the management team of Greencoat. They have avoided overpaying for wind assets that have come to the market and therefore, while it has resulted in a slower expansion profile, it has enabled them to avoid disappointing investors with overly ambitious assumptions when bidding for operating assets.

At the end of 2015, a new investment was added, Sequoia Economic Infrastructure Income fund. This essentially invests in the debt of various proven operating infrastructure assets such as toll roads, energy generation and water supply.

Since the beginning of 2016, there have been no new investments into the portfolio, nevertheless, we have topped up positions in AEW UK REIT and Fair Oaks Income fund due to their valuations falling to very attractive levels over the course of the first three months of the year. Weakness in both of the names did not appear to match the fundamental prospects of both vehicles, in particular their income generating ability. It was pleasing to see that this focus on undervaluation was subsequently rewarded with a recovery in the share prices. Finally, we topped up the holding in FP Argonaut Absolute Return fund, due to a set back to the manager's traditionally excellent performance, largely because of market circumstances that appeared temporary and unfavourable to his process. We feel his ability to execute a long-short stock picking process remains attractive and the fund is likely to return to its previous form in due course.

FIXED INCOME
At the beginning of the Fund year, fixed interest positions were increased with emphasis on short duration, sub-investment grade corporate bonds, where we continue to see value in the spreads offered when compared to investment grade bonds. However, around 2% of the portfolio was invested in emerging market sovereign bonds, which were selectively offering significant value following a long period of weakness. A new holding was purchased, namely the AXA US Short Duration High Yield fund. The fund offers a yield of over 4.5%; a very low level of volatility; and is highly diversified, having over 200 underlying bonds with an average credit rating of single B. We also increased the portfolio's short duration exposure through an increase in our holding in the Royal London Short Duration Global High Yield Bond fund, which offers a yield of over 6%, and with an average credit rating of single B. Whilst the fund can invest on a global basis, it has

FIXED INCOME *(continued)*
tended to be concentrated on Europe and United States. We also established a position in Franklin Templeton Emerging Markets Bond fund early in the Fund year, where the yield of over 8% was looking attractive, with the manager taking very active positions. This purchase was financed by the sale of an emerging market bond Exchange Traded fund.

The final quarter of 2015 saw few changes to the portfolio with no exposure to developed market sovereign bonds (such as gilts). However, around 2% of the portfolio is invested in emerging market sovereign bonds, which are selectively offering significant value following a long period of weakness. Emphasis remained on short duration high yield corporate bonds which were still offering attractive yields but which have limited interest rate sensitivity, indeed they offer potential to benefit from higher interest rates as companies refinance existing debt at higher rates. Funding for these purchases was raised through the sale of the Hermes Multi-Strategy Credit fund, which no longer fits well within our asset allocation process.

The Fund's holding in the AXA US Short Duration High Yield fund was sold in February to provide funding for an increase in equity weightings following the weakness seen in January and early February. Reductions were also made to the Royal London Sterling Extra Yield Bond fund and the Royal London Short Duration Global High Yield Bond fund to provide further funding for equity purchases. A small addition was made to the Franklin Templeton Emerging Markets Bond fund following an extended period where emerging markets debt and currencies had come under significant pressure, providing an opportunity to increase investment at an attractive yield.

INVESTMENT OUTLOOK
Despite the global growth fears that caused markets around the world to fall in January and February, we continue to believe that growth in the world economy will be sufficient this year to allow equity markets to advance from current levels. This view is supported by equity market dividend yields which are generally above historical averages. Elsewhere, we continue to avoid developed country government bonds on the basis that they are expensive.

The focal points of the aforementioned growth fears appear to have been the world's two largest economies, the US and China.

In the case of the US, markets responded negatively to the US Federal Reserve's decision to hike interest rates which had been stuck at zero for the best part of seven years. Some argued that this hike, though a small one, was a policy error and that the US economy was not strong enough to withstand an increase. Our view was that a hike was not warranted in light of weak inflation pressures but it would seem the economy has not been negatively impacted. Given the strong performance of equity markets in March it would seem that they too are less concerned.

Although the current expansion in the US is well advanced, and ordinarily we would be expecting inflation pressures to now be building, there are reasons to believe it can continue for a while longer. Unlike in previous expansions, the labour participation rate has remained low. This means that if people who previously left the workforce are encouraged to return, wage pressures may remain low, allowing inflation to remain subdued and for monetary policy to stay loose. Indeed, the participation rate has in recent months started to rise but there remains a lot of scope for it to rise further.

China's economy on the other hand is at a very different stage of its economic cycle. In fact, in many respects the fears relating to China's economy are not cyclical but structural. The country has for some time been transitioning from heavy industry, which has driven the economy for

the last three decades, towards services and consumption. This transition was never going to be a smooth one and the market declines earlier this year may have reflected growing fears that it was going to be particularly bumpy, perhaps involving an economic hard landing. However, in recent weeks, signs of improvement have been emerging. Export and import performance has been recovering, inflation has been rising from uncomfortably low levels, and the OECD leading indicator is turning up.

Japan continues to struggle to stimulate growth and inflation via its so called 'three arrows' initiative that is focused on monetary policy, fiscal policy and structural reform. Longer term, the weakening demographics presents a strong headwind, though the structural reform should throw up interesting bottom-up investment opportunities.

In Europe, unemployment is falling but remains at double digit levels. What this means is that monetary policy is going to remain loose for much longer than will be the case for the US and the UK, which should bode well for its equity markets.

The UK in some respects is in a similar position to the US in that its unemployment rate has already fallen a long way. However, inflation pressures remain subdued and we think the expansion can last a while longer.

Non-Japan Asia and emerging markets have performed poorly for some time now but there are tentative signs of this changing. Valuations have reached attractive levels; thus medium-term prospects are much improved.

It is unclear how severe the impact of the referendum result will be on either the UK economy or the global economy more broadly. That said, the Bank of England stands ready to loosen monetary policy and the Treasury to ease fiscal policy in the face of weakening growth. Despite this, uncertainty will likely impact business and household confidence in the near term. While this may well mean continued volatility in financial markets and thus in our funds' prices, we remain confident in the longer term quality of the Fund's investments.

SENECA INVESTMENT MANAGERS LIMITED
Investment Manager
10 May 2016

FUND INFORMATION

SYNTHETIC RISK AND REWARD INDICATOR

Typically lower rewards						Typically higher rewards
Lower risk						Higher risk
1	2	3	**4**	5	6	7

This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

The Fund has been classed as 4 because its volatility has been measured as average.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

COMPARATIVE TABLES

Where the Fund has significant investment in collective investment schemes, the operating charges take account of the ongoing charges incurred in the underlying schemes, calculated as the expense value of such holdings at the period end weighted against the net asset value of the share class at that date.

	31.03.16 (p/share)	**31.03.15[1] (p/share)**	**15.01.14 (p/share)**
'A' Accumulation shares			
Change in net assets per share			
Opening net asset value per share	223.07	209.15	183.18
Return before operating charges*	(4.70)	18.99	29.86
Operating charges	(4.29)	(5.07)	(3.89)
Return after operating charges	(8.99)	13.92	25.97
Closing net asset value per share	214.08	223.07	209.15
Retained distributions on accumulation shares	3.53	2.88	2.31
* after direct transaction costs of:	0.48	0.94	0.98
Performance			
Return after charges	(4.03)%	6.66%	14.18%
Other Information			
Closing net asset value (£'000)	44,040	75,917	142,319
Closing number of shares	20,571,482	34,032,648	68,047,943
Operating charges	1.96%	1.98%[2]	1.95%
Direct transaction costs	0.22%	0.37%[2]	0.50%
Prices			
Highest share price	230.42	225.33	208.47
Lowest share price	198.68	195.32	182.81

[1] 14.5 month period due to change of annual accounting date.
[2] Annualised figure.

COMPARATIVE TABLES *(continued)*

'B' Accumulation shares

	31.03.16 (p/share)	31.03.15[1] (p/share)	15.01.14 (p/share)
Change in net assets per share			
Opening net asset value per share	131.42	122.24	106.36
Return before operating charges*	(2.78)	11.19	17.44
Operating charges	(1.69)	(2.01)	(1.56)
Return after operating charges	(4.47)	9.18	15.88
Closing net asset value per share	126.95	131.42	122.24
Retained distributions on accumulation shares	2.92	2.66	2.12
* after direct transaction costs of:	0.28	0.55	0.58
Performance			
Return after charges	(3.40)%	7.51%	14.93%
Other Information			
Closing net asset value (£'000)	64,154	52,876	21,242
Closing number of shares	50,534,728	40,235,744	17,376,918
Operating charges	1.31%	1.33%[2]	1.30%
Direct transaction costs	0.22%	0.37%[2]	0.50%
Prices			
Highest share price	135.78	132.73	121.85
Lowest share price	117.71	114.73	106.15

[1] 14.5 month period due to change of annual accounting date.
[2] Annualised figure.

'N' Accumulation shares

	31.03.16 (p/share)	31.03.15[1] (p/share)	15.01.14 (p/share)
Change in net assets per share			
Opening net asset value per share	130.33	121.61	106.16
Return before operating charges*	(2.74)	11.08	17.29
Operating charges	(2.00)	(2.36)	(1.84)
Return after operating charges	(4.74)	8.72	15.45
Closing net asset value per share	125.59	130.33	121.61
Retained distributions on accumulation shares	2.58	2.27	1.68
* after direct transaction costs of:	0.28	0.55	0.58
Performance			
Return after charges	(3.64)%	7.17%	14.55%
Other Information			
Closing net asset value (£'000)	52	72	129
Closing number of shares	41,089	55,108	105,735
Operating charges	1.56%	1.58%[2]	1.55%
Direct transaction costs	0.22%	0.37%[2]	0.50%
Prices			
Highest share price	134.65	131.64	121.21
Lowest share price	116.49	113.91	105.96

[1] 14.5 month period due to change of annual accounting date.
[2] Annualised figure.

FUND PERFORMANCE TO 31 MARCH 2016 (%)

	1 year	3 years	5 years
CF Seneca Diversified Growth Fund	(3.27)	11.07	24.37

The performance of the Fund is based on the published price per 'A' Accumulation share which includes reinvested income.

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to the above performance being calculated on the latest published price prior to the year end, rather than the year end return after operating charges.

Details of the distributions per share for the year are shown in the Distribution Table on pages 46 and 47.

PORTFOLIO STATEMENT
AS AT 31 MARCH 2016

Holding	Portfolio of Investments	Value £'000	31.03.16 %
	FIXED INCOME INVESTMENTS – 9.62% (31.03.15 – 12.92%)		
	CORPORATE – 7.57% (31.03.15 – 5.12%)		
3,220,000	Royal London Short Duration Global High Yield Bond*	3,050	2.82
3,170,000	Royal London Sterling Extra Yield Bond*	3,055	2.82
2,395,000	TwentyFour Select Monthly Income	2,090	1.93
		8,195	7.57
	EMERGING MARKET DEBT – 2.05% (31.03.15 – 7.80%)		
274,500	Franklin Templeton Emerging Markets Bond*	2,215	2.05
	TOTAL FIXED INCOME INVESTMENTS	10,410	9.62
	EQUITY & EQUITY RELATED – 65.92% (31.03.15 – 68.50%)		
	UNITED KINGDOM – 23.16% (31.03.15 – 23.63%)		
500,000	Arrow Global Group	1,259	1.16
130,000	Bovis Homes Group	1,217	1.12
166,000	Britvic	1,183	1.09
240,000	BT Group	1,059	0.98
186,000	Clinigen Group***	1,090	1.01
162,000	Diploma	1,184	1.09
242,500	Halfords Group	950	0.88
301,000	International Personal Finance	866	0.80
89,000	Kier Group	1,156	1.07
240,000	Marks & Spencer Group	970	0.90
165,000	Marston's	251	0.23
580,000	Morgan Advanced Materials	1,329	1.23
300,000	National Express Group	1,028	0.95
162,000	Oxford Instruments	1,095	1.01
318,500	Polypipe Group	1,023	0.95
1,800,000	Premier Foods	1,062	0.98
95,000	Prudential	1,231	1.14
42,000	Royal Dutch Shell *'B'*	716	0.66
149,000	RPC Group	1,138	1.05
575,000	Senior	1,322	1.22
1,070,000	Thomas Cook Group	980	0.90

Holding	Portfolio of Investments	Value £'000	31.03.16 %
	UNITED KINGDOM – 23.16% (31.03.15 – 23.63%) (*continued*)		
115,000	UBM	700	0.65
56,000	Ultra Electronics Holdings	1,019	0.94
75,000	Victrex	1,247	1.15
	TOTAL UNITED KINGDOM	25,075	23.16
	OVERSEAS – 42.76% (31.03.15 – 44.87%)		
	NORTH AMERICA – 3.56% (31.03.15 – 5.22%)		
187,500	Pershing Square Holdings	1,797	1.66
204,000	Polar Capital Biotechnology*	2,063	1.90
	TOTAL NORTH AMERICA	3,860	3.56
	CONTINENTAL EUROPE – 13.42% (31.03.15 – 11.16%)		
4,060,000	BlackRock Continental European Income*	4,129	3.82
270,000	European Assets Trust	2,916	2.69
1,020,000	Invesco Perpetual European Equity Income*	3,312	3.06
2,420,000	Schroder European Alpha Income*	4,170	3.85
	TOTAL CONTINENTAL EUROPE	14,527	13.42
	JAPAN – 8.18% (31.03.15 – 9.48%)		
2,050,000	CC Japan Income & Growth Trust	2,194	2.03
264,000	Goodhart Partners Horizon Michinori Japan Equity*	3,487	3.22
4,150,000	Jupiter Japan Income*	3,174	2.93
	TOTAL JAPAN	8,855	8.18
	ASIA (EXCLUDING JAPAN) – 11.11% (31.03.15 – 11.83%)		
1,416,000	Atlantis China Healthcare*	1,796	1.66
850,000	Fidelity China Special Situations	1,150	1.06
10,630	Halley Asian Prosperity*	2,671	2.47
10,200	Ocean Dial Gateway to India*	1,492	1.38
15,247	Prusik Asian Equity Income*	2,454	2.27
460,000	Stewart Investors Asia Pacific Leaders*	2,459	2.27
	TOTAL ASIA (EXCLUDING JAPAN)	12,022	11.11

Holding	Portfolio of Investments	Value £'000	31.03.16 %
	EMERGING MARKETS – 4.80% (31.03.15 – 5.68%)		
305,000	Baillie Gifford Emerging Markets Growth*	1,395	1.29
15,000	Bellevue BB African Opportunities*	1,502	1.39
665,000	db x-trackers MSCI EM Healthcare Index UCITS ETF*	2,298	2.12
	TOTAL EMERGING MARKETS	5,195	4.80
	OTHER OVERSEAS – 1.69% (31.03.15 – 1.50%)		
845,000	BlackRock World Mining Trust	1,829	1.69
	TOTAL OVERSEAS	46,288	42.76
	TOTAL EQUITY & EQUITY RELATED	71,363	65.92
	ALTERNATIVE INVESTMENTS – 22.25% (31.03.15 – 17.85%)		
	HEDGE FUNDS – 1.88% (31.03.15 – 2.59%)		
1,050,000	FP Argonaut Absolute Return*	2,034	1.88
1,250,000	PSolve Alternatives PCC##	–	–
		2,034	1.88
	COMMODITIES – 0.00% (31.03.15 – 1.48%)	–	–
	PRIVATE EQUITY – 2.90% (31.03.15 – 5.81%)		
545,000	A J Bell Holdings^	3,134	2.90
	PROPERTY – 3.78% (31.03.15 – 2.55%)		
1,130,000	AEW UK REIT	1,068	0.99
950,000	Custodian REIT	1,012	0.94
960,000	Ediston Property Investment	999	0.92
635,000	LondonMetric Property	1,011	0.93
18,750,000	Speymill Deutsche Immobilien Company##	–	–
		4,090	3.78
	OTHER ALTERNATIVE – 13.69% (31.03.15 – 5.42%)		
1,375,000	Blue Capital Global Reinsurance	935	0.86
755,750	Doric Nimrod Air Two *preference shares*	1,602	1.48
2,195,000	DP Aircraft	1,524	1.41
2,935,000	Fair Oaks Income	1,671	1.54
975,000	Greencoat UK Wind	1,024	0.95
1,480,000	John Laing Environmental Assets Group	1,465	1.35

Holding	Portfolio of Investments	Value £'000	31.03.16 %
	OTHER ALTERNATIVE – 13.69% (31.03.15 – 5.42%) (continued)		
8,000,000	Lehman Brothers 0% 2008 (linked to Tate & Lyle, Wolseley and Land Securities Group)**^^	–	–
2,425,000	NB Distressed Debt Investment	1,534	1.42
161,254	Ranger Direct Lending	1,502	1.39
1,089,375	Sequoia Economic Infrastructure Income	1,147	1.06
1,000,000	SQN Asset Finance Income	1,085	1.00
1,350,000	UK Mortgages	1,330	1.23
		14,819	13.69
	TOTAL ALTERNATIVE INVESTMENTS	24,077	22.25
	CASH INVESTMENTS – 1.19% (31.03.15 – 1.14%)		
1,289,887	Invesco Sterling Liquidity Portfolio*	1,290	1.19
	Portfolio of investments	107,140	98.98
	Net other assets	1,106	1.02
	Net assets	108,246	100.00

The investments have been valued in accordance with note (h) of the Accounting Policies and are ordinary shares listed on a regulated market unless stated otherwise.

* Collective investment scheme.
** Structured product.
*** Quoted on the Alternative Investment Market (AIM).
^ Unlisted security.
^^ Illiquid security.
Delisted security.

SUMMARY OF MATERIAL PORTFOLIO CHANGES
FOR THE YEAR ENDED 31 MARCH 2016

Total purchases for the year £'000 (note 13)	62,826
Major purchases	**Cost £'000**
BlackRock Continental European Income	4,204
European Assets Trust	2,889
Franklin Templeton Emerging Markets Bond	2,254
CC Japan Income & Growth Trust	2,200
Royal London Short Duration Global High Yield Bond	2,189
Invesco Perpetual European Equity Income	2,139
Doric Nimrod Air Two *preference shares*	2,062
Woodford Patient Capital	2,028
BlackRock World Mining Trust	2,001
AXA US Short Duration High Yield	1,972
LondonMetric Property	1,801
Ranger Direct Lending	1,777
DP Aircraft	1,712
UK Mortgages	1,701
Sequoia Economic Infrastructure Income	1,560
AEW UK REIT	1,522
Ediston Property Investment	1,501
Bovis Homes Group	1,446
Morgan Advanced Materials	1,374
Senior	1,347

In addition to the above, purchase of the short term money market fund Invesco Sterling Liquidity Portfolio shares were made on a frequent basis totalling £43,732 thousand for the year.

The summary of material portfolio changes represents the 20 largest purchases during the year.

Total sales for the year £'000 (note 13)	**78,485**
Major sales	**Proceeds £'000**
Source JPX-Nikkei 400 UCITS ETF	4,271
BlackRock Global European Equity Income	4,030
A J Bell Holdings	3,260
Lyxor UCITS ETF JPX-Nikkei 400	2,914
Verrazzano Advantage European	2,582
Woodford Patient Capital Trust	2,160
iShares Emerging Markets Local Government Bonds UCITS ETF	2,126
Quintain Estates & Development	2,022
Hermes Multi Strategy Credit	1,907
AXA US Short Duration High Yield	1,872
Dixons Carphone	1,838
iShares Gold Producers UCITS ETF	1,797
Lazard Global Listed Infrastructure Equity	1,796
Next	1,793
Sky	1,616
Diageo	1,573
GKN	1,494
Baring ASEAN Frontiers	1,489
P2P Global Investments	1,486
Bodycote	1,470

In addition to the above, sales of the short term money market fund Invesco Sterling Liquidity Portfolio shares were made on a frequent basis totalling £44,252 thousand for the year.

The summary of material portfolio changes represents the 20 largest sales during the year.

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	**£'000**	**31.03.16 £'000**	**£'000**	**31.03.15* £'000**
Income:					
Net capital (losses)/gains	2		(6,667)		6,044
Revenue	3	3,626		4,493	
Expenses	4	(1,400)		(2,267)	
Interest payable and similar charges	6	(1)		(1)	
Net revenue before taxation		2,225		2,225	
Taxation	5	2		(5)	
Net revenue after taxation			2,227		2,220
Total return before distributions			(4,440)		8,264
Distributions	6		(2,227)		(2,294)
Change in net assets attributable to shareholders from investment activities			(6,667)		5,970

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEAR ENDED 31 MARCH 2016

	£'000	**31.03.16 £'000**	**£'000**	**31.03.15* £'000**
Opening net assets attributable to shareholders		128,865		163,689
Amounts receivable on issue of shares	1,136		2,062	
Amounts payable on cancellation of shares	(17,276)		(45,072)	
		(16,140)		(43,010)
Dilution levy		–		31
Stamp duty reserve tax		–		(11)
Change in net assets attributable to shareholders from investment activities		(6,667)		5,970
Retained distributions on Accumulation shares		2,188		2,196
Closing net assets attributable to shareholders		108,246		128,865

* The comparative figures shown in the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders and the related notes are for the period from 16 January 2014 to 31 March 2015.

CF SENECA DIVERSIFIED GROWTH FUND

Financial Statements (continued)

BALANCE SHEET
AS AT 31 MARCH 2016

	Notes	31.03.16 £'000	31.03.15 £'000
ASSETS			
Fixed assets			
Investments		107,140	129,397
Current assets			
Debtors	7	447	392
Cash and bank balances		1,135	164
Total assets		108,722	129,953
LIABILITIES			
Creditors			
Bank overdrafts		(154)	–
Other creditors	8	(322)	(1,088)
Total liabilities		(476)	(1,088)
Net assets attributable to shareholders		108,246	128,865

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 MARCH 2016

1. ACCOUNTING POLICIES

The accounting policies described on pages 10 to 12 have been applied to the financial statements of the Fund in the current and prior period.

	31.03.16 £'000	For the period from 16.01.14 to 31.03.15 £'000
2. NET CAPITAL (LOSSES)/GAINS		
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(6,840)	5,829
Derivative contracts	232	191
Transaction charges	(3)	(10)
AMC rebates from underlying investments	–	9
Currency (losses)/gains	(56)	25
Net capital (losses)/gains	(6,667)	6,044
3. REVENUE		
Non-taxable dividends	2,522	3,256
Taxable dividends	93	76
UK property income distributions	185	49
Unfranked interest	800	1,057
AMC rebates from underlying investments	18	54
Underwriting commision	7	–
Bank interest	1	1
Total revenue	3,626	4,493
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	1,280	2,080
Legal and professional fees	7	9
Printing costs	8	10
Registration fees	35	27
	1,330	2,126
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	40	64
Safe custody and other bank charges	9	14
	49	78

	31.03.16 £'000	For the period from 16.01.14 to 31.03.15 £'000
4. EXPENSES *(continued)*		
Other expenses:		
Fees paid to auditor – audit	9	9
– tax services	3	3
Publication costs	4	4
Postage and distribution costs	1	1
Derivative pricing fees	–	4
FCP expense	4	42
	21	63
Total expenses	1,400	2,267

The Investment Management fees and expenses (plus VAT thereon) for providing investment management services are paid by the ACD out of its remuneration.

	31.03.16 £'000	For the period from 16.01.14 to 31.03.15 £'000
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	(2)	5
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation (note 5b)	(2)	5

b) Factors affecting the tax charge for the year
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.03.15 : 20%). The difference is explained below.

	31.03.16 £'000	For the period from 16.01.14 to 31.03.15 £'000
Net revenue before taxation	2,225	2,225
Corporation tax at 20%	445	445

	31.03.16 £'000	For the period from 16.01.14 to 31.03.15 £'000
5. TAXATION *(continued)*		
Effects of:		
Non-taxable dividends	(504)	(651)
Offshore income gains	–	48
Movement in revenue accruals	–	3
AMC rebates taken to capital	–	2
Unutilised excess management expenses	59	153
Corporation tax charge	–	–
Overseas tax	(2)	5
Total tax charge (note 5a)	(2)	5

c) Deferred tax
At the year end there is a potential deferred tax asset of £2,469 thousand (31.03.15 : £2,410 thousand) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current year or prior period.

6. FINANCE COSTS

Distributions
The distributions take account of revenue received on the issue of shares and revenue deducted on cancellations of shares, and comprise:

	31.03.16 £'000	For the period from 16.01.14 to 31.03.15 £'000
Interim	878	904
Special	–	1,022
Final	1,310	270
	2,188	2,196
Add: Revenue deducted on cancellation of shares	46	103
Deduct: Revenue received on issue of shares	(7)	(5)
Net distributions for the year	2,227	2,294
Interest	1	1
Total finance costs	2,228	2,295

6. FINANCE COSTS *(continued)*

Details of the distributions per share are set out in the table on pages 46 and 47.

	31.03.16 £'000	For the period from 16.01.14 to 31.03.15 £'000
Distributions represented by:		
Net revenue after taxation	2,227	2,220
Equalisation on conversions*	–	74
Net distributions for the year	2,227	2,294

* Where an investor converts to a class with a higher income yield, the investor will receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

	31.03.16 £'000	31.03.15 £'000
7. DEBTORS		
Amounts receivable for issue of shares	64	–
Sales awaiting settlement	103	149
Accrued revenue:		
Non-taxable dividends	244	189
UK property income distributions	13	–
Unfranked interest	–	14
AMC rebates from underlying investments	4	4
	261	207
Prepaid expenses	3	3
Taxation recoverable:		
Income tax	14	33
Overseas withholding tax	2	–
	16	33
Total debtors	447	392

	31.03.16 £'000	31.03.15 £'000
8. CREDITORS		
Amounts payable for cancellation of shares	198	790
Purchases awaiting settlement	–	127
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	93	127
Legal and professional fees	2	2
Printing costs	5	5
Registration fees	3	10
	103	144
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	3	4
Safe custody and other bank charges	1	1
	4	5
Other expenses	17	15
Taxation payable:		
Stamp duty reserve tax	–	7
Total creditors	322	1,088

9. RELATED PARTY TRANSACTIONS

Annual Management Charge and legal and professional fees payable to Capita Financial Managers Limited ('the ACD'), registration fees payable to Capita Financial Administrators Limited and printing costs payable to Capita Sinclair Henderson Limited (both companies are associates of the ACD) are disclosed in note 4 and amounts due at the year end are disclosed in note 8.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 33 and amounts due at the year end are disclosed in notes 7 and 8.

Capita Financial Managers Limited and its associates (including other authorised investment funds managed by Capita Financial Managers Limited) held 2,362,174 (31.03.15 : 2,612,262) of the Fund's shares at the balance sheet date.

10. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.03.15 : none).

11. SHAREHOLDERS' FUNDS

	'A' Accumulation	'B' Accumulation	'N' Accumulation
Annual Management Charge	1.40%	0.75%	1.00%
Opening shares in issue	34,032,648	40,235,744	55,108
Issues	101,439	714,861	401
Cancellations	(5,140,053)	(4,646,733)	(14,420)
Conversions	(8,422,552)	14,230,856	–
Closing shares in issue	20,571,482	50,534,728	41,089

12. RISK MANAGEMENT POLICIES

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the fund. The ACD requires that the appointed Investment Manager to the fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

i. *Credit risk*
Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

12. RISK MANAGEMENT POLICIES *(continued)*

ii. *Interest rate risk*
Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Investment in collective investment schemes exposes the Fund to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of interest rate risk posed by the Fund's underlying investments on a regular basis.

The table below shows the direct interest rate risk profile:

	31.03.16 £'000	31.03.15 £'000
Floating rate assets:		
US dollars	10	74
Pounds sterling	12,825	11,522
	12,835	11,596
Floating rate liabilities:		
Pounds sterling	(155)	–
Assets on which interest is not paid:		
US dollars	13,587	20,607
Pounds sterling	82,301	97,750
	95,888	118,357
Liabilities on which interest is not paid:		
Pounds sterling	(322)	(1,088)
Net assets	108,246	128,865

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn interest at rates linked to the Bank of England base rate or its international equivalents and collective investment schemes that pay UK interest distributions.

Assets on which interest is not paid includes equities and collective investment schemes.

12. RISK MANAGEMENT POLICIES *(continued)*

iii. Foreign currency risk

Foreign currency risk is the risk that the sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

The Fund only invests in overseas assets through the use of Collective Investment Schemes some of which may employ hedging. The Fund itself undertakes no foreign exchange hedging.

The table below shows the direct foreign currency risk profile:

	31.03.16 £'000	**31.03.15 £'000**
Currency:		
US dollars	13,597	20,681
Pounds sterling	94,649	108,184
Net assets	108,246	128,865

iv. Liquidity risk

The main liability of the Fund is the cancellation of any shares that investors want to sell. Investments may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Fund's assets consist of cash and readily realisable investments.

All financial liabilities are payable in one year or less, or on demand.

v. Market price risk

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

12. RISK MANAGEMENT POLICIES *(continued)*

vi. Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

vii. Derivatives

Other than structured products the Investment Manager has employed no derivatives.

13. PORTFOLIO TRANSACTION COSTS

	Purchases /sales before transaction costs £'000	**Commissions £'000**	**Taxes £'000**	**Gross purchases /net sales £'000**
31.03.16				
Ordinary shares[1]	41,115	49	123	41,287
Collective investment schemes	21,539	–	–	21,539
Purchases total	62,654	49	123	62,826
Transaction cost % of purchases total		*0.08%*	*0.20%*	
Transaction cost % of average NAV		*0.04%*	*0.11%*	
Ordinary shares	41,193	(83)	–	41,110
Collective investment schemes	36,178	(2)	–	36,176
Other	1,199	–	–	1,199
Sales total	78,570	(85)	–	78,485
Transaction cost % of sales total		*0.11%*	–	
Transaction cost % of average NAV		*0.07%*	–	

Average portfolio dealing spread at 31.03.16 is 0.57% (31.03.15 : 0.36%).

[1] Includes corporate actions of £1,077 thousand on which no direct transaction costs were incurred.

13. PORTFOLIO TRANSACTION COSTS *(continued)*

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
For the period from 16.01.14 to 31.03.15				
Ordinary shares[1]	89,799	128	304	90,231
Collective investment schemes	52,878	3	–	52,881
Purchases total	142,677	131	304	143,112
Transaction cost % of purchases total		*0.09%*	*0.21%*	
Transaction cost % of average NAV		*0.09%*	*0.22%*	
Ordinary shares	108,053	(191)	(1)	107,861
Collective investment schemes	74,468	(9)	–	74,459
Other	328	–	–	328
Sales total	182,849	(200)	(1)	182,648
Transaction cost % of sales total		*0.11%*	–	
Transaction cost % of average NAV		*0.14%*	–	

[1] Includes corporate actions of £5,324 thousand on which no direct transaction costs were incurred.

14. FAIR VALUE HIERARCHY

Investments are categorised into the following levels based on their fair value measurement:

Level 1: The unadjusted quoted price in an active market for identical assets that the Fund can access at the year end date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset.

31.03.16	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Ordinary shares	45,601	10,359	3,134	59,094
Collective investment schemes	1,290	46,756	–	48,046
Structured products	–	–	–	–
	46,891	57,115	3,134	107,140

31.03.15	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Ordinary shares	45,630	10,600	6,540	62,770
Collective investment schemes	3,660	61,853	–	65,513
Structured products	–	1,114	–	1,114
	49,290	73,567	6,540	129,397

Level 3 in both periods relates to an unlisted company. Refer to accounting policy 1(h) for basis of valuation of investments for which there is no quoted price.

DISTRIBUTION TABLE
FOR THE YEAR ENDED 31 MARCH 2016 – IN PENCE PER SHARE

EQUALISATION
Equalisation applies only to shares purchased during the distribution period (Group 2 shares – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

Group 2	Interim	Final
From	01.04.15	01.10.15
To	30.09.15	31.03.16

'A' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.11.15	Allocated 15.09.14
Group 1	1.3453	–	1.3453	1.1284
Group 2	0.8429	0.5024	1.3453	1.1284
Special				**Allocated 15.03.15**
Group 1				1.4089
Group 2				1.4089
Final	**Net Revenue**	**Equalisation**	**Allocation 31.05.16**	**Allocated 31.05.15**
Group 1	2.1805	–	2.1805	0.3476
Group 2	1.4239	0.7566	2.1805	0.3476

'B' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.11.15	Allocated 15.09.14
Group 1	1.2205	–	1.2205	1.0555
Group 2	0.4487	0.7718	1.2205	1.0555
Special				**Allocated 15.03.15**
Group 1				1.2267
Group 2				1.2267
Final	**Net Revenue**	**Equalisation**	**Allocation 31.05.16**	**Allocated 31.05.15**
Group 1	1.7038	–	1.7038	0.3769
Group 2	0.7820	0.9218	1.7038	0.3769

'N' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.11.15	Allocated 15.09.14
Group 1	1.0466	–	1.0466	0.8987
Group 2	0.0875	0.9591	1.0466	0.8987
Special				**Allocated 15.03.15**
Group 1				1.0652
Group 2				1.0652
Final	**Net Revenue**	**Equalisation**	**Allocation 31.05.16**	**Allocated 31.05.15**
Group 1	1.5288	–	1.5288	0.3079
Group 2	1.5288	0.0000	1.5288	0.3079

IMPORTANT INFORMATION

From 29 May 2015 the interim income distribution dates increased to monthly with each distribution date being on the business day prior to the last business day of each month.

Refer also to the 'Important Information' section on page 4.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of CF Seneca Diversified Income Fund ('the Fund') is to provide a high level of growing income by investing in a balanced and well diversified portfolio of UK and International equities, fixed interest securities including government and corporate bonds. Investments will also be made in regulated collective investment schemes, money markets and cash deposits to provide further diversification to the Fund in accordance with applicable regulations.

CAPITA FINANCIAL MANAGERS LIMITED
ACD of CF Seneca Diversified Income Fund
18 July 2016

INVESTMENT MANAGER'S REPORT

PERFORMANCE OF THE FUND TO 31 MARCH

Cumulative Performance	6 months	1 year	3 years	5 years
CF Seneca Diversified Income Fund	3.6%	1.0%	12.3%	24.2%
IA Mixed Investment 20-60% Shares	3.6%	-2.5%	9.8%	22.9%
Quartile ranking	3	1	2	3

Discrete Performance	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
CF Seneca Diversified Income Fund	1.0%	7.0%	4.0%	12.0%	-1.2%
IA Mixed Investment 20-60% Shares	-2.5%	8.6%	3.6%	10.2%	1.6%
Quartile ranking	1	4	3	2	4

Source: FE Analytics Total Return: Net Income Reinvested, GBP. The Investment Manager uses the IA Mixed Investment 20-60% Shares Index for comparison. No benchmark is required to be disclosed per the Prospectus.

Over the last year, the Fund ('A' shares) has returned 1.0% outperforming its peer group, as represented by the IA Mixed Investment 20-60% shares universe, by 3.5% which places it in the top quartile by performance when compared with similar funds.

The Fund also outperformed the peer group over three years, returning 12.3% compared with a peer group benchmark return of 9.8% resulting in a second quartile ranking, and again over the longer five year period, returning 24.2% against a comparative benchmark return of 22.9%.

ASSET ALLOCATION

Asset Class	31 March 2015		31 March 2016	
	Fund %	Strategic Asset Allocation %	Fund %	Strategic Asset Allocation %
Equities				
UK	22.8	27.5	26.5	22.5
North America	2.1	4.5	–	2.5
Europe ex UK	7.0	4.0	10.0	5.0
Japan	1.1	1.5	1.0	2.0
Asia Pacific ex Japan	5.8	4.5	5.5	5.5
Emerging Markets	2.3		1.1	2.5
Other Overseas/ Global	3.6	3.0	1.9	–
Total Equities	**44.7**	**45.0**	**46.0**	**40.0**
Fixed Income				
Government	–	10.0	–	7.5
Inflation Protected	–	–	–	5.0
Emerging Market Debt	8.1	12.5	5.9	5.0
Corporate	22.2	15.0	24.6	17.5
Total Fixed Income	**30.3**	**37.5**	**30.5**	**35.0**
Specialist Investments & Other				
Property	5.8	7.5	5.1	10.0
Specialist Investments	19.8	10.0	18.0	15.0
Cash and other net assets	-0.6	–	0.4	–
Total	**100.0**	**100.0**	**100.0**	**100.0**

During October, we adjusted the equities weighting taking it to 2% overweight relative to the strategic asset allocation, at the expense of our fixed interest weighting. We felt markets were looking slightly cheap, with dividend yields generally above long-term averages and that monetary policy will remain on the whole loose, with inflation pressures still muted in many countries. This position in equities was further increased during the last three months of the reporting year in the UK, Asia ex Japan and Global equity funds at the expense of specialist assets and, to a much lesser extent, using cash held in the portfolio. The increase in equity holdings was primarily to take advantage of market weakness seen during the first quarter of 2016, which we felt was unwarranted while the move from specialist assets was an opportunity to take profits on holdings which had performed well and as a result had become relatively more expensive.

As at the end of the reporting year, within the equity portfolio we were overweight the UK, Europe and Global, and either neutral or underweight elsewhere. The Global overweight is targeted at one particular fund, namely the BlackRock World Mining Trust, and reflects the view that the commodities cycle is in the process of bottoming with supply side constraints likely to bring markets back into balance in the next three years.

Europe's economy still faces challenges, but the direction of travel is positive. The case for the Europe overweight position is that unemployment, though now declining, still has a long way to fall, suggesting that monetary policy will remain loose for longer than in, say, the US or the UK. This, combined with equity valuations that are reasonable and corporate profitability that still has room to improve, should bode well for the market in the medium term.

Elsewhere in overseas equities, we have a zero position in the US, where we think markets are overvalued as well as more likely to suffer from potential Federal Reserve tightening. We are decently positioned in Asia but are wary of emerging markets, feeling that weak commodities prices will continue to plague the likes of Brazil, Russia and the Middle East.

Within fixed interest, we have a focus on global high yield; this segment of the fixed interest market was hurt along with equities during the August sell off but we held firm in the belief that while spreads were lower than they were five or so years ago, they were still well above historic lows and thus offered good value.

Within fixed interest, we have a zero weighting in developed country government bonds. Real yields across the board are either negative or close to zero, which in our view does not represent good value. Inflation would have to fall substantially for real returns from bonds to be decent, a scenario we do not envisage. Central banks continue to operate very loose monetary policies which should support inflation, while governments stand ready to boost fiscal policy if needed. Instead, our fixed income position is focused on high yield and emerging market bonds. We have sought to invest in funds that are shorter duration and have low exposure to the US energy sector which has been experiencing rising defaults as a result of the low oil price.

We are substantially overweight global high yield corporate bonds. While spreads are certainly a lot lower than they were 5-6 years ago, they are still well above historic lows. This, in combination with supportive monetary and fiscal policies that should help to keep default rates low, should bode well for returns from the asset class.

Our specialist assets exposure seeks to target investments that offer something interesting in relation to equities and bonds; in the case of equities this is more stable income streams and in the case of bonds it is income streams that are index-linked. In specialist investments, we have a focus on non-core property, asset leasing and renewable energy, where yields are still very attractive. Our private equity exposure is largely in A J Bell Holdings, a private company in which we are one of three outside shareholders.

UK EQUITIES

During the quarter to June 2015, we took some of the profit on Marston's, National Express Group and Intermediate Capital Group and used the capital to bolster the investments recently initiated in Dairy Crest Group and Ashmore Group, both of which have lagged the market more recently. The market rallied hard following the General Election result, which was particularly felt by companies associated with the building industry, such as Polypipe Group. However, the outright 'winner' was Berkeley Group Holdings as it soared 24% in the quarter, as the threat of a Labour proposed 'Mansion Tax' was removed, which would have disproportionately impacted

UK EQUITIES *(continued)*
the value of properties in the South East, which is the company's core area. Bid speculation circulated around Vodafone Group, which has enabled us to move closer towards a final exit from the shares as we seek to focus on mid-cap names going forward in our direct UK equity investments.

In the three months to September, a new position was established in BT Group. The company's strong cash generation, which will be enhanced following the acquisition of EE, will continue to support strong double digit dividend growth. The retail arm of the business is expanding healthily, helping to leverage the company's well invested network, whilst continued cost cutting and an easing regulatory burden will help underpin profit growth. We exited Amlin, one of the Lloyds insurers, after the company was subject to a takeover approach by Mitsui Sumitomo. The price at which Mitsui would acquire the business represented a 36% premium to the previous day's closing share price. Polypipe Group reported healthy results, leading to strong share price gains. The company is benefitting from increased adoption of plastic piping products, as opposed to more traditional building materials, such as copper. In addition, a general pick-up in infrastructure development is also aiding the business. Polypipe also announced the acquisition of Nuaire Products, which was well received by the market. Nuaire is a provider of ventilation solutions and reinforces Polypipe's role of finding carbon efficient solutions in response to legislative change through a specification-led business model. The position in Dairy Crest Group, increased in the previous quarter, was the other standout performer. The CMA (Competition & Markets Authority) approved the company's planned disposal of its loss making dairy division, whilst its recent investment in the manufacture of Demineralised Whey Powder (DWP) & Galactooligosaccharide (GOS), both by-products in the production of cheese, started to generate additional revenue. DWP and GOS are both key ingredients in infant formula.

Towards the end of 2015, a new position was initiated in global engineer Morgan Advanced Materials, on a prospective 5% yield, well covered by cash flow and supported by a reasonably strong balance sheet and we believe there is significant potential for new management to enhance returns for shareholders. Bovis Homes Group replaced Berkeley Group Holdings in the portfolio. Bovis is focussed on constructing family homes, predominantly south of Birmingham. The shares traded at an attractive valuation relative to the sector and in absolute terms, whilst the company has a clear plan to drive shareholder returns through volume expansion. In contrast, Berkley Group offers less in the way of growth potential and was trading on a full valuation, relative to both the sector and its own history. A new investment was also made in Halfords Group. A few months ago, Halfords Group reported poor bicycle sales over the summer and the shares have been weak ever since. This was partly because of inclement weather and also due to the anniversary of the Tour de France passing through Yorkshire. Having fallen over 35% from their peak, the shares were yielding close to 5% and a new management team has the potential to improve operations.

During the first three months of 2016, and the last quarter of the Fund year, we established a new position in International Personal Finance, an emerging market home credit provider. The company is currently navigating recent regulatory changes in some of its key markets, but new product initiatives and entry into new geographies should ensure that growth soon resumes. Royal Dutch Shell was another new investment. A collapse in the oil price to below $30 left the shares trading substantially below book value and yielding over 10%. The dividend is supported by a strong balance sheet and ongoing asset disposal programme. The downstream business is also generating healthy profits, whilst the BG acquisition should be cash flow accretive. Victrex, a leading manufacturer of Polyether ether ketone ('PEEK'), was another new investment. PEEK is a high performance polymer, for which Victrex is continually finding new uses. It is lightweight, strong, resistant to chemicals and extreme temperatures, is bio inert and also electrically conductive. The company has net cash on the balance sheet and we believe special dividends are likely in future years. A new position was initiated in Senior, a 'build-to-print' manufacturer of high technology components and systems within the aerospace, defence, land vehicles and energy industries. The company is on the majority of major aerospace platforms, which generate around two thirds of revenues and thereby provide good visibility of future growth. The company is committed to growing the dividend at least 10% p.a. over the next few years. Legal & General Group was also added to the portfolio on a yield of over 6.5%. The shares had been weak, due to uncertainty created by the industry's transition to Solvency II and also as a result of falling equity markets. The balance sheet is strong and the dividend well supported by cash flows.

OVERSEAS EQUITIES
At the beginning of the Fund year, we switched an investment out of Newton Asian Income fund, due to the announcement that the manager was leaving, replacing this with Liontrust Asia Income fund, which is a smaller and more nimble fund. One of the largest single reallocations was the enlarged investment in Schroder European Alpha Income and FP Argonaut European Enhanced Income. Both of these funds are currency hedged (therefore protecting from any fall in value of the euro against sterling). We felt that the recent weakness in European equity markets due to the renewed Greek crisis would be short lived and therefore present an opportunity. Elsewhere, we exited the holding of Veritas Global Equity Income fund as we have taken the decision to move away from generalist global equity funds and allocate capital on a geographical basis upon identifying where we feel the best opportunities are. We also sold our holding in UBAM Europe Equity Dividend Plus.

In the third quarter of 2015, we established a new position in BlackRock World Mining Trust, due to its high 10% yield and discount to NAV of 7%. Both metrics we believed offered a margin of safety. The trust's objective provides diversified exposure to mining and metal assets worldwide with a view to maximising total returns. The mining sector appears to be responding to the difficult environment by cutting capex and reducing costs. With such a high yield and mining sector valuations having fallen, we felt shareholders were being relatively well compensated for the contrarian risk being taken. Consequently, we also added to this position in the following quarter. We also established a new position in European Assets Trust, which specifically focuses on European small and medium sized companies that could be potential beneficiaries of a weaker euro, lower energy costs and rehabilitating banking system. The trust adopts a high conviction portfolio approach (40-60 positions) and this vehicle has historically paid a high dividend to shareholders, equivalent to a c. 5.1% yield. A switch was instigated from FP Argonaut European Income fund into the FP Argonaut Enhanced Income fund, which had the benefit of providing protection against any weakening of the euro versus sterling, as the fund hedges its currency exposure. The latter fund typically consists of a concentrated portfolio of 30-55 European equities. The income generated by the underlying portfolio is enhanced by using a covered call option strategy. This fund yields c. 3.8%.

With the adoption of an income and value philosophy and a strategic decision to exit global fund mandates, towards the end of 2015, a new holding was introduced in the CC Japan Income & Growth Trust IPO. The CC Japan Income & Growth Trust (run by Coupland Cardiff) has a 3% yield objective that will be achieved by investing in a multi cap equity portfolio, where company management have committed themselves to a clear focus on shareholder returns. As an aside, this trust also offers exposure to the beneficial effects arising from 'Abenomics' on Japan's

OVERSEAS EQUITIES *(continued)*
corporate culture. The Artemis Global Income fund had shown strong performance, however, the strategy no longer fitted with our approach to overseas equity exposure so we exited our position towards the end of 2015.

More recently, changes have been more restrained. In Europe, an additional investment was made into the Schroder European Alpha Income fund. Fund Manager, James Sym, looks to invest in businesses based on an assessment of where he perceives we are in the business cycle. Approximately one third of the fund is currently invested in 'Cyclical Yield' equities which is designed to help the portfolio participate in a recovery across European economies. A small sale was made from the CC Japan Income & Growth Trust which has performed well over the period. Elsewhere, there were no major transactions for Asia Pacific ex Japan or Emerging Markets. Following an impressive performance run, we reduced our position in the BlackRock World Mining Trust back towards its target weight.

SPECIALIST ASSETS, INCLUDING PROPERTY
We introduced a new holding, Ranger Direct Lending fund (RDLF), in the third quarter of 2015. RDLF is a £135m listed vehicle designed to invest in a portfolio of established SME (Small and Medium Enterprise) and consumer loans, secured against commercial assets and personal guarantees and had recently conducted an IPO. The portfolio will be sourced through direct lending platforms in the United States. The company is seeking to participate in the growing market where borrowers and lenders operate outside of the traditional banking system, aided by modern internet and information technology. The primary objective is a 10% annual yield through quarterly distributions. This holding was further increased the following quarter, as the company fully deployed its IPO proceeds in the direct lending space to SME companies.

Our property allocation was increased with our participation in the launch of AEW UK REIT, which is focussed on second tier retail property, predominantly in regional cities. Prime UK property has seen valuations pushed up and yields compress over the last two years. As we move towards the later stage of the property cycle, we expect some of this yield compression to move to the type of property invested in by AEW. However, as this investment is operating in a more 'cyclical' part of the property market, we targeted only a 1.3% portfolio holding. Elsewhere in property, we have increased the holdings of four of our investments, two of which were via capital raisings. GCP Student Living and Tritax Big Box REIT raised capital from shareholders in order to finance expansion by management teams focussed on two speciality areas of the property market, namely: large warehousing and purpose built student accommodation in London. Following strong performance, we were able to reduce the holding in Tritax Big Box REIT the following quarter, as a result of the material reduction in the yield of the underlying property portfolios (due to the capital value uplift) exiting completely at the beginning of 2016.

In Q3, 2015, we established a further new entrant into the portfolio, UK Mortgages Ltd, which is managed by TwentyFour Asset Management. The company aims to take advantage of regulatory changes, including tighter restrictions on leverage and capital, which have effectively forced some mortgage originators to sell parts of their mortgage book. This vehicle will purchase mortgage books using a combination of equity and debt financing alone. Total returns of 7-10% p.a. are being targeted. Follow on investments were made in Ediston Property Investment (a REIT run by a specialist management team), Fair Oaks Income fund (managed by an experienced team investing in portfolios of Collateralised Loans issued by companies) and John Laing Environmental Assets Group (a portfolio of diversified renewable energy and waste management assets). All of these were initiated in 2014 and we have been pleased with the execution of their respective strategies.

To maintain the weighting to specialist assets, we also took the opportunity to take profits in some of the strong performers in the sector and particularly across REITs and asset leasing. This also led us to commence a move towards an exit from Carador Income fund, which we completed in the last quarter of 2015 as the original manager has left and now operates the Fair Oaks Income fund.

Following the strong performance of property stocks in 2015, we reduced the size of investment in the Fund's REITs in Q3. We exited from Redefine International in favour of a new investment, Custodian REIT which specialises in small lot sizes in regional properties where we feel there is more value in terms of yield and revaluation potential.

Infrastructure experienced a degree of consolidation in renewables as we exited Foresight Solar fund (we retain an investment in Bluefield Solar Income) and we have enlarged the size of investment in Greencoat UK Wind. We admire the disciplined approach to capital allocation displayed by the management team of Greencoat. They have avoided overpaying for wind assets that have come to the market and therefore, while it has resulted in a slower expansion profile, it has enabled them to avoid disappointing investors with overly ambitious assumptions when bidding for operating assets. Finally, a new investment was added, Sequoia Economic Infrastructure Income fund. This essentially invests in the debt of various proven operating infrastructure assets such as toll roads, energy generation and water supply. We also increased our investment in DP Aircraft, which is an aircraft leasing vehicle that owns four Boeing Dreamliner aircraft operated by two airlines.

At the beginning of 2016, we exited from Assura, the specialist REIT focussing on GP surgeries and health centres. This decision was taken entirely on valuation grounds as the share had performed very well. We remain positive towards the sector and we felt there would be an opportunity to re-enter the sector either through Assura or with one of the other REITs investing in the space. With the proceeds, we topped up positions in AEW UK REIT and Fair Oaks Income fund due to their valuations falling to very attractive levels over the course of the quarter. Weakness in both of the names did not appear to match the fundamental prospects of both vehicles, in particular their income generating ability. It was pleasing to see that this focus on undervaluation was subsequently rewarded with a recovery in the share prices.

FIXED INCOME
Fixed interest positions were increased slightly at the beginning of the Fund year and we continue to emphasise short duration, sub-investment grade corporate bonds where we see value in the spreads offered when compared to investment grade bonds.

There remains no exposure in the Fund to developed market sovereign bonds (such as gilts). However, around 6% of the portfolio is invested in emerging market sovereign bonds, which are selectively offering significant value, we feel, following a long period of weakness. The holding in AXA US Short Duration High Yield fund was increased, with the fund offering a yield of over 4.5% and a very low level of volatility. The fund is highly diversified, having over 200 underlying bonds with an average credit rating of single B.

FIXED INCOME *(continued)*
During the third quarter of 2015, we added to short duration exposure in the Fund through an increase in the holding of the Muzinich Short Duration High Yield fund, which offers a yield of around 5% and over 150 holdings with an average rating of BB. Funding for purchases was raised through the sale of the Legg Mason Income Optimiser fund, which no longer fitted within our asset allocation process.

The following quarter we used selective sales to marginally reduce holdings, using the proceeds to finance opportunities in other asset classes, primarily our equity exposure. The trend to reduce the number of funds held was continued with further consolidation into funds where we have a higher level of confidence. Funding for purchases was mainly raised through the sale of the AXA World Emerging Markets Short Duration Bond fund, where income payments had been reduced following a change in tax treatment, which had led the manager to take a more cautious approach to distributions.

Positions were reduced at the beginning of 2016 in the AXA US Short Duration High Yield fund, M&G Global Floating Rate High Yield fund, Muzinich Short Duration High Yield fund, Royal London Sterling Extra Yield Bond fund and Royal London Short Duration Global High Yield Bond fund. Whilst these funds remain attractive on a medium term view, we felt they were likely to have less potential to rally over the short term.

Over the same period, further investment was made in the PFS TwentyFour Dynamic Bond fund and TwentyFour Select Monthly Income fund as both had been hit due to weakness in financial sector debt during the period, providing an opportunity to invest at a level giving potential for a recovery in value.

INVESTMENT OUTLOOK
Despite the global growth fears that caused markets around the world to fall in January and February, we continue to believe that growth in the world economy will be sufficient this year to allow equity markets to advance from current levels. This view is supported by equity market dividend yields which are generally above historical averages. Elsewhere, we continue to avoid developed country government bonds on the basis that they are expensive.

The focal points of the aforementioned growth fears appear to have been the world's two largest economies, the US and China.

In the case of the US, markets responded negatively to the US Federal Reserve's decision to hike interest rates which had been stuck at zero for the best part of seven years. Some argued that this hike, though a small one, was a policy error and that the US economy was not strong enough to withstand an increase. Our view was that a hike was not warranted in light of weak inflation pressures but it would seem the economy has not been negatively impacted. Given the strong performance of equity markets in March it would seem that they too are less concerned.

Although the current expansion in the US is well advanced, and ordinarily we would be expecting inflation pressures to now be building, there are reasons to believe it can continue for a while longer. Unlike in previous expansions, the labour participation rate has remained low. This means that if people who previously left the workforce are encouraged to return, wage pressures may remain low, allowing inflation to remain subdued and for monetary policy to stay loose. Indeed, the participation rate has in recent months started to rise but there remains a lot of scope for it to rise further.

China's economy on the other hand is at a very different stage of its economic cycle. In fact, in many respects the fears relating to China's economy are not cyclical but structural. The country has for some time been transitioning from heavy industry, which has driven the economy for the last three decades, towards services and consumption. This transition was never going to be a smooth one and the market declines earlier this year may have reflected growing fears that it was going to be particularly bumpy, perhaps involving an economic hard landing. However, in recent weeks, signs of improvement have been emerging. Export and import performance has been recovering, inflation has been rising from uncomfortably low levels, and the OECD leading indicator is turning up.

Japan continues to struggle to stimulate growth and inflation via its so called 'three arrows' initiative that is focused on monetary policy, fiscal policy and structural reform. Longer term, the weakening demographics presents a strong headwind, though the structural reform should throw up interesting bottom-up investment opportunities.

In Europe, unemployment is falling but remains at double digit levels. What this means is that monetary policy is going to remain loose for much longer than will be the case for the US and the UK, which should bode well for its equity markets.

The UK in some respects is in a similar position to the US in that its unemployment rate has already fallen a long way. However, inflation pressures remain subdued and we think the expansion can last a while longer.

Non-Japan Asia and Emerging Markets have performed poorly for some time now but there are tentative signs of this changing. Valuations have reached attractive levels; thus medium-term prospects are much improved.

The Fund remains well positioned to deliver a high level of income from a very diversified asset structure. The emphasis on value will, we believe, provide good returns albeit more focussed on income than capital growth.

It is unclear how severe the impact of the referendum result will be on either the UK economy or the global economy more broadly. That said, the Bank of England stands ready to loosen monetary policy and the Treasury to ease fiscal policy in the face of weakening growth. Despite this, uncertainty will likely impact business and household confidence in the near term. While this may well mean continued volatility in financial markets and thus in our funds' prices, we remain confident in the longer term quality of the Fund's investments.

SENECA INVESTMENT MANAGERS LIMITED
Investment Manager
10 May 2016

SYNTHETIC RISK AND REWARD INDICATOR

Typically lower rewards						Typically higher rewards
Lower risk						Higher risk
1	2	3	**4**	5	6	7

This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

The Fund has been classed as 4 because its volatility has been measured as average.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

COMPARATIVE TABLES

Where the Fund has significant investment in collective investment schemes, the operating charges take account of the ongoing charges incurred in the underlying schemes, calculated as the expense value of such holdings at the period end weighted against the net asset value of the share class at that date.

	31.03.16 (p/share)	**31.03.15[1] (p/share)**	**15.01.14 (p/share)**
'A' Income shares			
Change in net assets per share			
Opening net asset value per share	90.68	90.57	87.63
Return before operating charges*	1.88	7.70	9.58
Operating charges	(1.66)	(2.18)	(1.76)
Return after operating charges	0.22	5.52	7.82
Distributions on income shares	(4.65)	(5.41)	(4.88)
Closing net asset value per share	86.25	90.68	90.57
* after direct transaction costs of:	0.14	0.16	0.14
Performance			
Return after charges	0.24%	6.09%	8.92%
Other Information			
Closing net asset value (£'000)	36,632	63,467	108,815
Closing number of shares	42,473,974	69,989,266	120,141,122
Operating charges	1.88%	2.00%[2]	1.94%
Direct transaction costs	0.16%	0.15%[2]	0.15%
Prices			
Highest share price	93.05	91.64	93.17
Lowest share price	81.88	85.68	87.86

[1] 14.5 month period due to change of annual accounting date.
[2] Annualised figure.

COMPARATIVE TABLES *(continued)*

'B' Income shares

	31.03.16 (p/share)	31.03.15[1] (p/share)	15.01.14 (p/share)
Change in net assets per share			
Opening net asset value per share	107.27	106.47	102.39
Return before operating charges*	2.02	8.91	11.16
Operating charges	(1.28)	(1.73)	(1.37)
Return after operating charges	0.74	7.18	9.79
Distributions on income shares	(5.51)	(6.38)	(5.71)
Closing net asset value per share	102.50	107.27	106.47
* after direct transaction costs of:	0.16	0.19	0.16
Performance			
Return after charges	0.69%	6.74%	9.56%
Other Information			
Closing net asset value (£'000)	61,831	49,145	30,343
Closing number of shares	60,320,764	45,812,885	28,498,952
Operating charges	1.23%	1.35%[2]	1.29%
Direct transaction costs	0.16%	0.15%[2]	0.15%
Prices			
Highest share price	110.15	108.28	109.06
Lowest share price	97.25	101.12	102.66

[1] 14.5 month period due to change of annual accounting date.
[2] Annualised figure.

'N' Income shares

	31.03.16 (p/share)	31.03.15[1] (p/share)	15.01.14 (p/share)
Change in net assets per share			
Opening net asset value per share	106.34	105.81	102.02
Return before operating charges*	2.07	8.91	11.11
Operating charges	(1.52)	(2.05)	(1.64)
Return after operating charges	0.55	6.86	9.47
Distributions on income shares	(5.45)	(6.33)	(5.68)
Closing net asset value per share	101.44	106.34	105.81
* after direct transaction costs of:	0.16	0.19	0.16
Performance			
Return after charges	0.52%	6.48%	9.28%
Other Information			
Closing net asset value (£'000)	275	314	261
Closing number of shares	271,289	295,345	246,321
Operating charges	1.48%	1.60%[2]	1.54%
Direct transaction costs	0.16%	0.15%[2]	0.15%
Prices			
Highest share price	109.17	107.35	108.59
Lowest share price	96.27	100.34	102.29

[1] 14.5 month period due to change of annual accounting date.
[2] Annualised figure.

PORTFOLIO STATEMENT
AS AT 31 MARCH 2016

FUND PERFORMANCE TO 31 MARCH 2016 (%)

	1 year	3 years	5 years
CF Seneca Diversified Income Fund	0.96	12.26	24.17

The performance of the Fund is based on the published price per 'A' Income share with income reinvested.

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to the above performance being calculated on the latest published price prior to the year end, rather than the year end return after operating charges.

Details of the distributions per share for the year are shown in the Distribution Table on pages 84 to 90.

PORTFOLIO STATEMENT
AS AT 31 MARCH 2016

Holding	Portfolio of Investments	Value £'000	31.03.16 %
	FIXED INCOME INVESTMENTS – 30.46% (31.03.15 – 30.25%)		
	CORPORATE – 24.60% (31.03.15 – 10.56%)		
3,650,000	AXA US Short Duration High Yield*	3,496	3.54
2,085,000	Baillie Gifford High Yield Bond*	2,579	2.61
1,350,000	M&G Global Floating Rate High Yield*	1,303	1.32
38,500	Muzinich Short Duration High Yield*	3,372	3.42
36,500	PFS TwentyFour Dynamic Bond*	3,892	3.94
4,150,000	Royal London Short Duration Global High Yield Bond*	3,931	3.98
3,875,000	Royal London Sterling Extra Yield Bond*	3,734	3.78
2,275,000	TwentyFour Select Monthly Income	1,985	2.01
		24,292	24.60
	EMERGING MARKET DEBT – 5.86% (31.03.15 – 19.69%)		
525,000	Franklin Templeton Emerging Markets Bond*	4,237	4.29
21,000	Pictet – Emerging Local Currency Debt*	1,543	1.57
		5,780	5.86
	TOTAL FIXED INCOME INVESTMENTS	30,072	30.46
	EQUITY & EQUITY RELATED – 46.06% (31.03.15 – 44.70%)		
	UNITED KINGDOM – 26.56% (31.03.15 – 22.88%)		
365,000	Ashmore Group	1,049	1.06
134,000	Bovis Homes Group	1,254	1.27
220,000	BT Group	971	0.98
165,000	Dairy Crest Group	1,027	1.04
1,800,000	Fidelity Enhanced Income*	1,879	1.90
255,000	Halfords Group	999	1.01
175,000	Intermediate Capital Group	1,076	1.09
287,000	International Personal Finance	826	0.84
95,000	Kier Group	1,234	1.25
425,000	Legal & General Group	997	1.01
260,000	Marks & Spencer Group	1,051	1.07
650,000	Marston's	987	1.00
462,500	Morgan Advanced Materials	1,060	1.07
315,000	National Express Group	1,080	1.09
120,000	Phoenix Group Holdings	1,127	1.14
48,000	Royal Dutch Shell 'B'	819	0.83

Holding	Portfolio of Investments	Value £'000	31.03.16 %
	UNITED KINGDOM – 26.56% (31.03.15 – 22.88%) (*continued*)		
330,000	Sainsbury (J)	918	0.93
3,540,030	Seneca Growth Income & Growth#	4,868	4.93
450,000	Senior	1,035	1.05
160,000	UBM	974	0.99
60,000	Victrex	998	1.01
	TOTAL UNITED KINGDOM	26,229	26.56
	OVERSEAS – 19.50% (31.03.15 – 21.82%)		
	NORTH AMERICA – 0.00% (31.03.15 – 2.05%)	–	–
	CONTINENTAL EUROPE – 10.04% (31.03.15 – 6.98%)		
110,000	European Assets	1,188	1.20
2,400,000	FP Argonaut European Enhanced Income*	2,798	2.83
1,010,000	Invesco Perpetual European Equity Income*	2,997	3.04
1,700,000	Schroder European Alpha Income*	2,929	2.97
	TOTAL CONTINENTAL EUROPE	9,912	10.04
	JAPAN – 1.03% (31.03.15 – 1.10%)		
950,000	CC Japan Income & Growth Trust	1,017	1.03
	FAR EAST (EXCLUDING JAPAN) – 5.47% (31.03.15 – 5.83%)		
1,014,195	Liontrust Asia Income*	1,060	1.07
12,500	Prusik Asian Equity Income*	2,012	2.04
4,750,000	Schroder Asian Income Maximiser*	2,329	2.36
	TOTAL FAR EAST (EXCLUDING JAPAN)	5,401	5.47
	EMERGING MARKETS – 1.09% (31.03.15 – 2.28%)		
950,000	PFS Somerset Emerging Markets Dividend Growth*	1,073	1.09
	OTHER OVERSEAS – 1.87% (31.03.15 – 3.58%)		
855,000	BlackRock World Mining Trust	1,851	1.87
	TOTAL OVERSEAS	19,254	19.50
	TOTAL EQUITY & EQUITY RELATED	45,483	46.06

Holding	Portfolio of Investments	Value £'000	31.03.16 %
	ALTERNATIVE INVESTMENTS – 23.09% (31.03.15 – 25.54%)		
	HEDGE FUNDS – 0.00% (31.03.15 – 0.09%)		
5,900,000	PSource Structured Debt##	–	–
	PRIVATE EQUITY – 2.91% (31.03.15 – 6.39%)		
500,000	A J Bell Holdings^	2,875	2.91
802,666	International Oil and Gas Technology##	–	–
		2,875	2.91
	PROPERTY – 5.12% (31.03.15 – 5.76%)		
1,050,000	AEW	992	1.00
900,000	Custodian REIT	959	0.97
1,115,000	Ediston Property Investment	1,160	1.18
670,000	GCP Student Living	911	0.92
650,000	Londonmetric Property	1,035	1.05
14,000,000	Speymill Deutsche Immobilien Company##	–	–
		5,057	5.12
	OTHER ALTERNATIVE – 15.06% (31.03.15 – 13.30%)		
4,350,000	Barclays S.I.M.P.L.E Notes linked to the Assured Fund Tracking Index due 2018**^^	1,442	1.46
1,400,000	Blue Capital Global Reinsurance	953	0.96
1,000,000	Bluefield Solar Income	1,005	1.02
703,680	Doric Nimrod Air Two	1,492	1.51
2,350,000	DP Aircraft	1,632	1.65
3,300,000	Fair Oaks Income	1,879	1.90
1,050,000	Greencoat UK Wind	1,102	1.12
1,160,000	John Laing Environmental Assets Group	1,148	1.16
130,000	Ranger Direct Lending	1,211	1.23
881,875	Sequoia Economic Infrastructure Income	928	0.94
870,000	SQN Asset Finance Income	944	0.96
1,150,000	UK Mortgages	1,133	1.15
		14,869	15.06
	TOTAL ALTERNATIVE INVESTMENTS	22,801	23.09
	CASH INVESTMENTS – 0.43% (31.03.15 – 0.00%)		
420,964	Invesco Sterling Liquidity Portfolio*	421	0.43

	Value £'000	31.03.16 %
Portfolio of investments	98,777	100.04
Net other liabilities	(39)	(0.04)
Net assets	98,738	100.00

The investments have been valued in accordance with note (h) of the Accounting Policies and are ordinary shares listed on a regulated market unless stated otherwise.

* Collective investment scheme.
** Structured product.
^ Unlisted security.
^^ Illiquid security.
# Related party holding (see note 9).
Delisted security.

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 MARCH 2016

Total purchases for the year £'000 (note 13) **50,246**

Major purchases	**Cost £'000**
Franklin Templeton Emerging Markets Bond	4,433
Phoenix Group Holdings	2,763
AXA US Short Duration High Yield	2,580
Invesco Perpetual European Equity Income	2,205
Schroder European Alpha Income	2,095
BlackRock World Mining Trust	2,003
FP Argonaut European Enhanced Income	1,882
AEW UK REIT	1,610
UK Mortgages	1,505
Bovis Homes Group	1,373
Sequoia Economic Infrastructure Income	1,340
Ranger Direct Lending	1,325
Liontrust Asia Income	1,220
Royal London Sterling Extra Yield Bond	1,188
European Assets Trust	1,179
DP Aircraft	1,123
Halfords Group	1,116
Morgan Advanced Materials	1,113
Custodian REIT	1,042
Victrex	1,035

In addition to above, purchases of the short term money market fund Invesco Sterling Liquidity Portfolio Fund shares were made on a frequent basis totalling £27,811 thousand in the year.

The summary of material portfolio changes represents the 20 largest purchases during the year.

Total sales for the year £'000 (note 13)	**61,163**
Major sales	**Proceeds £'000**
AXA World Emerging Markets Short Duration Bonds	3,369
Franklin Templeton Emerging Markets Bond	3,328
A J Bell Holdings	3,170
Phoenix Group Holdings	3,076
Fidelity Enhanced Income	2,921
UBAM Europe Equity Dividend Plus	2,462
Legg Mason Income Optimiser	2,366
Tritax Big Box REIT	1,614
Polypipe Group	1,590
Redefine International	1,470
Veritas Global Equity Income	1,411
Assura	1,345
Lindsell Train Japanese Equity	1,337
Newton Asian Income	1,328
Legg Mason Global Equity Income	1,276
Foresight Solar	1,268
Artemis Global Income	1,196
FP Argonaut European Income	1,183
Berkeley Group Holdings	1,158
Cullen North American High Dividend Value Equity	1,102

In addition to above, sales of the short term money market fund Invesco Sterling Liquidity Portfolio Fund shares were made on a frequent basis totalling £27,390 thousand in the year.

The summary of material portfolio changes represents the 20 largest sales during the year.

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	£'000	31.03.16 £'000	£'000	31.03.15* £'000
Income:					
Net capital (losses)/gains	2		(4,158)		1,495
Revenue	3	6,130		8,456	
Expenses	4	(1,248)		(1,970)	
Interest payable and similar charges	6	(1)		(1)	
Net revenue before taxation		4,881		6,485	
Taxation	5	(255)		(310)	
Net revenue after taxation			4,626		6,175
Total return before distributions			468		7,670
Distributions	6		(5,545)		(7,610)
Change in net assets attributable to shareholders from investment activities			(5,077)		60

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEAR ENDED 31 MARCH 2016

	£'000	31.03.16 £'000	£'000	31.03.15* £'000
Opening net assets attributable to shareholders		112,926		139,418
Amounts receivable on issue of shares	3,693		8,212	
Amounts payable on cancellation of shares	(12,811)		(34,761)	
		(9,118)		(26,549)
Stamp duty reserve tax, net of refund		–		(6)
Change in net assets attributable to shareholders from investment activities		(5,077)		60
Unclaimed distributions		7		3
Closing net assets attributable to shareholders		98,738		112,926

* The comparative figures in the Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders and the related notes are for the period from 16 January 2014 to 31 March 2015.

BALANCE SHEET
AS AT 31 MARCH 2016

	Notes	31.03.16 £'000	31.03.15 £'000
ASSETS			
Fixed assets			
Investments		98,777	113,480
Current assets			
Debtors	7	1,145	638
Cash and bank balances		444	728
Total assets		100,366	114,846
LIABILITIES			
Creditors			
Bank overdrafts		(128)	(325)
Distribution payable		(534)	(687)
Other creditors	8	(966)	(908)
Total liabilities		(1,628)	(1,920)
Net assets attributable to shareholders		98,738	112,926

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 MARCH 2016

1. ACCOUNTING POLICIES

The accounting policies described on pages 10 to 12 have been applied to the financial statements of the Fund in the current and prior period. The additional accounting policy described below has also been applied to this Fund.

(a) Distribution policy
The Annual Management Charge is transferred to capital for distribution purposes in line with the Fund's investment objective. This will increase the amount of revenue available for distribution; however, will erode capital and may constrain capital growth.

	31.03.16 £'000	For the period from 16.01.14 to 31.03.15 £'000
2. NET CAPITAL (LOSSES)/GAINS		
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(4,010)	1,652
Derivative contracts	(117)	(167)
Transaction charges	(3)	(4)
AMC rebates from underlying investments	8	11
Currency (losses)/gains	(36)	3
Net capital (losses)/gains	(4,158)	1,495
3. REVENUE		
Non-taxable dividends	3,640	4,995
Taxable dividends	317	804
UK property income distributions	238	166
Unfranked interest	1,919	2,479
AMC rebates from underlying investments	8	10
Underwriting commision	7	–
Bank interest	1	2
Total revenue	6,130	8,456

	31.03.16 £'000	For the period from 16.01.14 to 31.03.15 £'000
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	1,140	1,789
Legal and professional fees	7	9
Printing costs	8	8
Registration fees	32	24
Tax related services	–	1
	1,187	1,831
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	37	60
Safe custody and other bank charges	7	12
	44	72
Other expenses:		
Fees paid to auditor – audit	10	9
– tax services	3	3
Publication costs	4	5
Legal and professional fees	–	47
Postage and distribution costs	–	1
Derivative pricing fees	–	2
	17	67
Total expenses	1,248	1,970

The Investment Management fees and expenses (plus VAT thereon) for providing investment management services are paid by the ACD out of its remuneration.

	31.03.16 £'000	For the period from 16.01.14 to 31.03.15 £'000
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	259	312
Adjustments in respect of prior periods	5	9
Current tax charge	264	321

	31.03.16 £'000	For the period from 16.01.14 to 31.03.15 £'000
5. TAXATION *(continued)*		
Deferred tax – origination and reversal of timing differences (note 5c)	(9)	(11)
Total taxation (note 5b)	255	310

b) Factors affecting the tax charge for the year
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.03.15 : 20%). The difference is explained below.

	31.03.16 £'000	For the period from 16.01.14 to 31.03.15 £'000
Net revenue before taxation	4,881	6,485
Corporation tax at 20%	976	1,297
Effects of:		
Non-taxable dividends	(728)	(999)
Movement in revenue accruals	9	12
AMC rebates taken to capital	2	2
Corporation tax charge	259	312
Adjustments in respect of prior periods	5	9
Deferred tax released in the period	(9)	(11)
Total tax charge (note 5a)	255	310
c) Deferred tax		
Provision at the start of the period	9	20
Deferred tax released in the period (note 5a)	(9)	(11)
Provision at the end of the period	–	9

6. FINANCE COSTS

Distributions
The distributions take account of revenue received on the issue of shares and revenue deducted on cancellations of shares, and comprise:

	31.03.16 £'000	For the period from 16.01.14 to 31.03.15[1] £'000
First Interim	928	–
Second Interim	461	1,790
Third Interim	458	–
Fourth Interim	455	–
Fifth Interim	449	1,741
Sixth Interim	447	–
Seventh Interim	446	–
Eighth Interim	444	1,560
Ninth Interim	442	–
Tenth Interim	440	–
Special	–	1,682
Final	534	687
	5,504	7,460
Add: Revenue deducted on cancellation of shares	57	201
Deduct: Revenue received on issue of shares	(16)	(51)
Net distributions for the year	5,545	7,610
Interest	1	1
Total finance costs	5,546	7,611

Details of the distributions per share are set out in the tables on pages 84 to 90.

[1] In the period from 16.01.14 to 30.03.15 quarterly distributions were made, refer to the distribution tables on pages 84 to 90 for the dates the distributions were made.

	31.03.16 £'000	For the period from 16.01.14 to 31.03.15 £'000
6. FINANCE COSTS *(continued)*		
Distributions represented by:		
Net revenue after taxation	4,626	6,175
Allocations to capital:		
Annual Management Charge, net of tax relief	919	1,434
Equalisation on conversions*	–	1
Net distributions for the year	5,545	7,610

* Where an investor converts to a class with a higher income yield, the investor will receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

	31.03.16 £'000		31.03.15 £'000	
7. DEBTORS				
Amounts receivable for issue of shares		44		–
Sales awaiting settlement		293		35
Accrued revenue:				
Non-taxable dividends	382		224	
Taxable dividends	–		38	
UK property income distributions	17		8	
Unfranked interest	23		60	
AMC rebates from underlying investments	4		4	
		426		334
Prepaid expenses		3		3
Taxation recoverable:				
Income tax	379		262	
Stamp duty reserve tax refund	–		4	
		379		266
Total debtors		1,145		638

	31.03.16 £'000	31.03.15 £'000
8. CREDITORS		
Amounts payable for cancellation of shares	393	515
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	84	109
Legal and professional fees	2	2
Printing costs	4	4
Registration fees	3	9
	93	124
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	3	3
Transaction charges	–	1
Safe custody and other bank charges	1	1
	4	5
Other expenses	16	14
Taxation payable:		
Corporation tax	460	241
Deferred tax	–	9
	460	250
Total creditors	966	908

9. RELATED PARTY TRANSACTIONS

Annual Management Charge and legal and professional fees payable to Capita Financial Managers Limited ('the ACD'), registration fees and tax related services payable to Capita Financial Administrators Limited and printing costs payable to Capita Sinclair Henderson Limited (both companies are associates of the ACD) are disclosed in note 4 and amounts due at the year end are disclosed in note 8.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 69 and amounts due at the year end are disclosed in notes 7 and 8.

As part of the investment strategy, the Fund may from time to time hold shares in other collective investment schemes managed by the same Investment Manager or ACD.

9. RELATED PARTY TRANSACTIONS *(continued)*

At the balance sheet date the value of the holdings were as follows:

	31.03.16 £'000	31.03.15 £'000
Investment Manager in common	4,868	5,466

Capita Financial Managers Limited and its associates (including other authorised investment funds managed by Capita Financial Managers Limited) held 3,253,905 (31.03.15 : 3,912,829) of the Fund's shares at the balance sheet date.

10. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.03.15 : none).

11. SHAREHOLDERS' FUNDS

	'A' Income	'B' Income	'N' Income
Annual Management Charge	1.40%	0.75%	1.00%
Opening shares in issue	69,989,266	45,812,885	295,345
Issues	1,550,651	2,200,412	36,056
Cancellations	(9,711,613)	(4,000,788)	(60,112)
Conversions	(19,354,330)	16,308,255	–
Closing shares in issue	42,473,974	60,320,764	271,289

12. RISK MANAGEMENT POLICIES

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the fund. The ACD requires that the appointed Investment Manager to the fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

12. RISK MANAGEMENT POLICIES *(continued)*

i. Credit risk

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

ii. Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Investment in collective investment schemes exposes the Fund to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of interest rate risk posed by the Fund's underlying investments on a regular basis.

The table below shows the direct interest rate risk profile:

	31.03.16 £'000	**31.03.15 £'000**
Floating rate assets:		
US dollars	–	3,492
Pounds sterling	32,379	28,065
	32,379	31,557
Floating rate liabilities:		
Pounds sterling	(128)	(325)
Assets on which interest is not paid:		
Euros	–	868
US dollars	4,464	5,636
Pounds sterling	63,523	76,785
	67,987	83,289
Liabilities on which interest is not paid:		
Pounds sterling	(1,500)	(1,595)
Net assets	98,738	112,926

12. RISK MANAGEMENT POLICIES *(continued)*

ii. Interest rate risk (continued)

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents, structured products and collective investment schemes that pay UK interest distributions.

Assets on which interest is not paid includes equities and collective investment schemes.

iii. Foreign currency risk

Foreign currency risk is the risk that the sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

The Fund only invests in overseas assets through the use of Collective Investment Schemes some of which may employ hedging. The Fund itself undertakes no foreign exchange hedging.

The table below shows the direct foreign currency risk profile:

	31.03.16 £'000	**31.03.15 £'000**
Currency:		
Euros	–	868
US dollars	4,464	9,128
	4,464	9,996
Pounds sterling	94,274	102,930
Net assets	98,738	112,926

iv. Liquidity risk

The main liability of the Fund is the cancellation of any shares that investors want to sell. Investments may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Fund's assets consist of cash and readily realisable investments.

All financial liabilities are payable in one year or less, or on demand.

v. Market price risk

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

12. RISK MANAGEMENT POLICIES *(continued)*

v. *Market price risk (continued)*
Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

vi. *Fair value of financial assets and financial liabilities*
There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

vii. *Derivatives*
Other than structured products the Investment Manager has employed no derivatives.

Refer to note 2 for the net capital loss with respect to derivative contracts in the current year and prior period, and refer to the Portfolio Statement for derivative contracts held at the year end.

13. PORTFOLIO TRANSACTION COSTS

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.03.16				
Ordinary shares[1]	31,060	32	78	31,170
Collective investment schemes	19,076	–	–	19,076
Purchases total	50,136	32	78	50,246
Transaction cost % of purchases total		*0.06%*	*0.16%*	
Transaction cost % of average NAV		*0.03%*	*0.07%*	
Ordinary shares	30,006	(53)	–	29,953
Collective investment schemes	31,209	(1)	–	31,208
Other	2	–	–	2
Sales total	61,217	(54)	–	61,163
Transaction cost % of sales total		*0.09%*	–	
Transaction cost % of average NAV		*0.05%*	–	

Average portfolio dealing spread at 31.03.16 is 0.53% (for the period from 16.01.14 to 31.03.15 : 0.46%).

[1] Includes corporate actions of £940 thousand on which no direct transaction costs were incurred.

13. PORTFOLIO TRANSACTION COSTS *(continued)*

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
For the period from 16.01.14 to 31.03.15				
Ordinary shares[1]	43,210	54	90	43,354
Collective investment schemes	23,548	–	–	23,548
Purchases total	66,758	54	90	66,902
Transaction cost % of purchases total		*0.08%*	*0.13%*	
Transaction cost % of average NAV		*0.04%*	*0.07%*	
Ordinary shares[2]	53,693	(82)	(1)	53,610
Collective investment schemes	35,392	–	–	35,392
Other[3]	1,187	–	–	1,187
Sales total	90,272	(82)	(1)	90,189
Transaction cost % of sales total		*0.09%*	–	
Transaction cost % of average NAV		*0.07%*	–	

[1] Includes corporate actions of £7,253 thousand on which no direct transaction costs were incurred.
[2] Includes corporate action of £1,397 thousand on which no direct transaction costs were incurred.
[3] Includes corporate action of £1,129 thousand.

14. FAIR VALUE HIERARCHY

Investments are categorised into the following levels based on their fair value measurement:

Level 1: The unadjusted quoted price in an active market for identical assets that the Fund can access at the year end date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.03.16				
Assets				
Ordinary shares	36,710	12,165	2,875	51,750
Collective investment schemes	421	45,164	–	45,585
Structured products	–	–	1,442	1,442
	37,131	57,329	4,317	98,777

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.03.15				
Assets				
Ordinary shares	26,459	17,409	6,180	50,048
Collective investment schemes	–	61,870	–	61,870
Structured products	–	–	1,562	1,562
	26,459	79,279	7,742	113,480

Level 3 in both periods relates to an unlisted company and an illiquid structured product. Refer to accounting policy 1(h) for basis of valuation of investments for which there is no quoted price.

CF SENECA DIVERSIFIED INCOME FUND

Financial Statements (continued)

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 MARCH 2016 – IN PENCE PER SHARE

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

Group 2	First Interim	Second Interim	Third Interim	Fourth Interim
From	01.04.15	01.06.15	01.07.15	01.08.15
To	31.05.15	30.06.15	31.07.15	31.08.15

Group 2	Fifth Interim	Sixth Interim	Seventh Interim	Eighth Interim
From	01.09.15	01.10.15	01.11.15	01.12.15
To	30.09.15	31.10.15	30.11.15	31.12.15

Group 2	Ninth Interim	Tenth Interim	Final
From	01.01.16	01.02.16	01.03.16
To	31.01.16	29.02.16	31.03.16

'A' Income shares (year ended 31 March 2016)

First Interim	Net Revenue	Equalisation	Paid 29.06.15
Group 1	0.7600	–	0.7600
Group 2	0.4822	0.2778	0.7600
Second Interim	**Net Revenue**	**Equalisation**	**Paid 30.07.15**
Group 1	0.3800	–	0.3800
Group 2	0.0302	0.3498	0.3800
Third Interim	**Net Revenue**	**Equalisation**	**Paid 27.08.15**
Group 1	0.3800	–	0.3800
Group 2	0.0000	0.3800	0.3800
Fourth Interim	**Net Revenue**	**Equalisation**	**Paid 29.09.15**
Group 1	0.3800	–	0.3800
Group 2	0.0000	0.3800	0.3800
Fifth Interim	**Net Revenue**	**Equalisation**	**Paid 29.10.15**
Group 1	0.3800	–	0.3800
Group 2	0.0000	0.3800	0.3800
Sixth Interim	**Net Revenue**	**Equalisation**	**Paid 27.11.15**
Group 1	0.3800	–	0.3800
Group 2	0.0125	0.3675	0.3800
Seventh Interim	**Net Revenue**	**Equalisation**	**Paid 30.12.15**
Group 1	0.3800	–	0.3800
Group 2	0.1480	0.2320	0.3800
Eighth Interim	**Net Revenue**	**Equalisation**	**Paid 28.01.16**
Group 1	0.3800	–	0.3800
Group 2	0.0441	0.3359	0.3800
Ninth Interim	**Net Revenue**	**Equalisation**	**Paid 26.02.16**
Group 1	0.3800	–	0.3800
Group 2	0.0000	0.3800	0.3800
Tenth Interim	**Net Revenue**	**Equalisation**	**Paid 30.03.16**
Group 1	0.3800	–	0.3800
Group 2	0.0567	0.3233	0.3800
Final	**Net Revenue**	**Equalisation**	**Payable 28.04.16**
Group 1	0.4670	–	0.4670
Group 2	0.2232	0.2438	0.4670

'A' Income shares (period ended 31 March 2015)

First Interim	Paid 15.06.14
Group 1	1.1759
Group 2	1.1759
Second Interim	**Paid 15.09.14**
Group 1	1.2500
Group 2	1.2500
Third Interim	**Paid 15.12.14**
Group 1	1.1453
Group 2	1.1453
Special	**Paid 15.03.15**
Group 1	1.2879
Group 2	1.2879
Final	**Paid 29.05.15**
Group 1	0.5522
Group 2	0.5522

'B' Income shares (year ended 31 March 2016)

First Interim	Net Revenue	Equalisation	Paid 29.06.15
Group 1	0.8990	–	0.8990
Group 2	0.3703	0.5287	0.8990
Second Interim	**Net Revenue**	**Equalisation**	**Paid 30.07.15**
Group 1	0.4490	–	0.4490
Group 2	0.0798	0.3692	0.4490
Third Interim	**Net Revenue**	**Equalisation**	**Paid 27.08.15**
Group 1	0.4500	–	0.4500
Group 2	0.0000	0.4500	0.4500
Fourth Interim	**Net Revenue**	**Equalisation**	**Paid 29.09.15**
Group 1	0.4501	–	0.4501
Group 2	0.0000	0.4501	0.4501
Fifth Interim	**Net Revenue**	**Equalisation**	**Paid 29.10.15**
Group 1	0.4501	–	0.4501
Group 2	0.0000	0.4501	0.4501
Sixth Interim	**Net Revenue**	**Equalisation**	**Paid 27.11.15**
Group 1	0.4505	–	0.4505
Group 2	0.0000	0.4505	0.4505
Seventh Interim	**Net Revenue**	**Equalisation**	**Paid 30.12.15**
Group 1	0.4504	–	0.4504
Group 2	0.0702	0.3802	0.4504
Eighth Interim	**Net Revenue**	**Equalisation**	**Paid 28.01.16**
Group 1	0.4511	–	0.4511
Group 2	0.1052	0.3459	0.4511
Ninth Interim	**Net Revenue**	**Equalisation**	**Paid 26.02.16**
Group 1	0.4511	–	0.4511
Group 2	0.0000	0.4511	0.4511
Tenth Interim	**Net Revenue**	**Equalisation**	**Paid 30.03.16**
Group 1	0.4511	–	0.4511
Group 2	0.0956	0.3555	0.4511
Final	**Net Revenue**	**Equalisation**	**Payable 28.04.16**
Group 1	0.5550	–	0.5550
Group 2	0.2858	0.2692	0.5550

'B' Income shares (period ended 31 March 2015)

First Interim	Paid 15.06.14
Group 1	1.3736
Group 2	1.3736
Second Interim	**Paid 15.09.14**
Group 1	1.4800
Group 2	1.4800
Third Interim	**Paid 15.12.14**
Group 1	1.3508
Group 2	1.3508
Special	**Paid 15.03.15**
Group 1	1.5210
Group 2	1.5210
Final	**Paid 29.05.15**
Group 1	0.6526
Group 2	0.6526

'N' Income shares (year ended 31 March 2016)

First Interim	Net Revenue	Equalisation	Paid 29.06.15
Group 1	0.8880	–	0.8880
Group 2	0.3411	0.5469	0.8880
Second Interim	**Net Revenue**	**Equalisation**	**Paid 30.07.15**
Group 1	0.4450	–	0.4450
Group 2	0.0563	0.3887	0.4450
Third Interim	**Net Revenue**	**Equalisation**	**Paid 27.08.15**
Group 1	0.4460	–	0.4460
Group 2	0.0000	0.4460	0.4460
Fourth Interim	**Net Revenue**	**Equalisation**	**Paid 29.09.15**
Group 1	0.4460	–	0.4460
Group 2	0.0000	0.4460	0.4460
Fifth Interim	**Net Revenue**	**Equalisation**	**Paid 29.10.15**
Group 1	0.4461	–	0.4461
Group 2	0.0000	0.4461	0.4461
Sixth Interim	**Net Revenue**	**Equalisation**	**Paid 27.11.15**
Group 1	0.4463	–	0.4463
Group 2	0.0000	0.4463	0.4463
Seventh Interim	**Net Revenue**	**Equalisation**	**Paid 30.12.15**
Group 1	0.4459	–	0.4459
Group 2	0.2045	0.2414	0.4459
Eighth Interim	**Net Revenue**	**Equalisation**	**Paid 28.01.16**
Group 1	0.4467	–	0.4467
Group 2	0.0900	0.3567	0.4467
Ninth Interim	**Net Revenue**	**Equalisation**	**Paid 26.02.16**
Group 1	0.4466	–	0.4466
Group 2	0.0000	0.4466	0.4466
Tenth Interim	**Net Revenue**	**Equalisation**	**Paid 30.03.16**
Group 1	0.4469	–	0.4469
Group 2	0.0458	0.4011	0.4469
Final	**Net Revenue**	**Equalisation**	**Payable 28.04.16**
Group 1	0.5495	–	0.5495
Group 2	0.1756	0.3739	0.5495

'N' Income shares (period ended 31 March 2015)

First Interim	Paid 15.06.14
Group 1	1.3673
Group 2	1.3673
Second Interim	**Paid 15.09.14**
Group 1	1.4700
Group 2	1.4700
Third Interim	**Paid 15.12.14**
Group 1	1.3369
Group 2	1.3369
Special	**Paid 15.03.15**
Group 1	1.5080
Group 2	1.5080
Final	**Paid 29.05.15**
Group 1	0.6473
Group 2	0.6473

GENERAL INFORMATION

STRUCTURE OF THE COMPANY

The Company is structured as an umbrella company, in that different sub-funds may be established from time to time by the ACD with the approval of the Financial Conduct Authority and the agreement of the Depositary. On the introduction of any new sub-fund or class, a revised Prospectus will be prepared setting out the relevant details of each sub-fund or class.

The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that sub-fund. The sub-funds which are currently available are:

CF Seneca Diversified Growth Fund
CF Seneca Diversified Income Fund

In the future there may be other sub-funds of the Company.

CLASSES OF SHARES

The Company can issue Income and Accumulation classes of share.

Holders of Income shares are entitled to be paid the revenue attributable to such shares in respect of each annual or interim accounting period.

Holders of Accumulation shares are not entitled to be paid the revenue attributable to such shares, but that revenue is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

VALUATION POINT

The valuation point of the Company is 12.00pm London time on each business day. Valuations may be made at other times under the terms contained within the Prospectus.

BUYING AND SELLING SHARES

The ACD will accept orders to deal in the shares on normal business days between 8.30am and 5.30pm (London time) and transactions will be effected at prices determined by the following valuation. Instructions to buy or sell shares may be either in writing to: 2 The Boulevard, City West One Office Park, Gelderd Road, Leeds LS12 6NT or by telephone on 0345 608 1497.

PRICES

The prices of all shares are published in the *Financial Times* and are on the ACD's website: www.capitafinancial.com and on www.senecaim.com. The prices of shares may also be obtained by calling 0345 608 1497 during the ACD's normal business hours.

OTHER INFORMATION

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office. Copies of these may be obtained upon application and, excepting the Instrument of Incorporation, can be found on the ACD's website, www.capitafinancial.com, by following the link 'Fund Information'.

Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

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