

LF Seneca Diversified Income Fund For retail investors only

January 2018



Research area

Asset allocation
UK equities
Specialist assets
Fixed income &
Overseas equity

Investment team

Peter Elston - chief investment officer *
Mark Wright - fund manager
Richard Parfect - fund manager *
Tom Delic - fund manager

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

Income

Historic net yield ¹	4.71%
Distributions	monthly

Commentary

- There were no asset allocation target changes in December
- Equity markets were generally buoyant after a somewhat tepid November
- Inflation rose in the UK, the US, Europe and Japan, indicating continued economic strength
- The Federal Reserve increased its Fed Funds rate by a further 25 basis points as expected
- The target weight for Babcock International was increased, in order to take further advantage of the compelling dividend yield which is over 4% and close to 3x covered by earnings
- Strong results from Victrex; healthy cash generation enabled the company to announce a larger than expected special dividend
- Activity in overseas equities was limited over the month with the only transaction being an addition to European Assets Trust to bring the holding in line with its target weight
- There were no fixed income transactions during the month
- Following the announcement that Aberdeen Private Equity Fund is to be wound up at NAV we reduced the position following the 16% leap in the share price
- We participated in the equity raise for Ediston Properties Investment Company which has bought a portfolio of retail parks with asset management opportunities

Investment aim

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

5 year performance chart (%)



Cumulative performance (%)	3 months	6 months	1 year	3 years	5 years	Since launch
LF Seneca Diversified Income Fund	1.4	3.6	11.0	28.8	47.6	123.3
IA Mixed Investment 20-60% Shares	2.3	2.9	7.2	19.7	36.6	106.0

Discrete annual performance (%)	31.12.2017	31.12.2016	31.12.2015	31.12.2014	31.12.2013
LF Seneca Diversified Income Fund	11.0	10.0	5.5	2.6	11.7
IA Mixed Investment 20-60% Shares	7.2	10.3	1.2	4.9	8.9

Source for all performance data: FE Analytics. Basis: Bid to bid, net income reinvested and net of fees in UK Sterling terms. The information on this factsheet is as at 31.12.2017 and refers to the 'B' share class with the exception of performance prior to 26.03.2012 which is calculated using the 'A' share class, unadjusted for the lower fees of the 'B' share class.

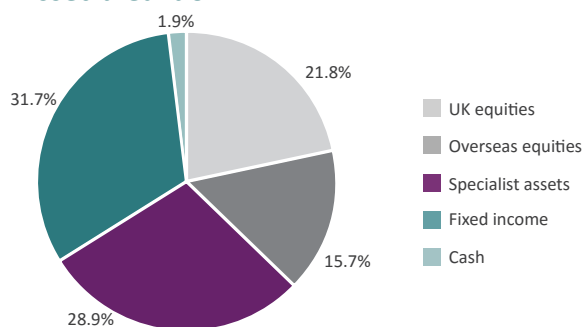
Past performance is not a guide to future returns. The value of investments and any income may fluctuate and investors may not get back the full amount invested.

Morningstar
Rating
3 Year



LF Seneca Diversified Income Fund

Asset breakdown



Source: Seneca IM

UK direct equities*

1	Kier Group	1.4%
2	Marston's	1.4%
3	Marks & Spencer	1.3%
4	Phoenix Group	1.2%
5	OneSavings Bank	1.2%

Overseas equities

1	Prusik Asian Equity Income	2.5%
2	Liontrust European Enhanced Income	2.4%
3	BlackRock World Mining	2.2%
4	Schroder Asian Income Maximiser	2.0%
5	Invesco Perpetual European Equity Income	1.9%

Fixed income

1	Royal London Short Duration Global High Yield Bond	7.6%
2	Muzinich Short Duration High Yield	6.7%
3	Royal London Sterling Extra Yield Bond	6.4%
4	Templeton Emerging Markets Bond	5.0%
5	TwentyFour Select Monthly Inc	3.9%

Specialist assets

1	AJ Bell Holdings ¹	4.2%
2	International Public Partnership	2.2%
3	Fair Oaks Income Fund	2.1%
4	Doric Nimrod Air Two	2.1%
5	Greencoat UK Wind	1.3%

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

¹ Unquoted investment Source: Link Fund Solutions

Key facts

Launch date	8 April 2002
Size	£106.84m
A Class month end price	96.34p
B Class month end price	115.55p
N Class month end price	113.96p
Total holdings	61
IA sector	Mixed Investment 20-60% shares
Share type	Monthly income only
Valuation point	12:00 midday

Share class info	A	B	N
OCF*	1.80%	1.15%	1.40%
Min lump sum	£3,000	£100,000	£1,000
Min reg saver	£50	-	£50
ISIN	GB0031467961	GB00B7JTF560	GB00B61Y0911
SEDOL	3146796	B7JTF56	B61Y091

* Based on expenses as at 30.09.2017

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Important information

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

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Multi-Asset Value Investing