

LF Seneca Diversified Income Fund

For retail investors only

Month end April 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)

Investment aim

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

Income

Historic net yield ¹	4.93%
Distributions	monthly

5 year performance chart (%)



LF Seneca Diversified Income B Inc TR in GB(35.71%) IA Mixed Investment 20-60% Shares TR in GB (26.58%) 01.05.2013 - 30.04.2018 Data from FE 2018

Commentary

- Weaker than expected inflation and growth data in the UK caused sterling and the probability of a May rate hike to fall.
- Bank of England governor Mark Carney also commented that Brexit uncertainty may also delay interest rate hike.
- Gilt yields had risen earlier in the month but fell back following the aforementioned data releases and Carney's comments.
- Equity markets generally rose while the US dollar also continued to recover from February lows.
- Essentra delivered a good Q1 trading update. The Components division was strong across all geographies, whilst both the Filters and Packaging divisions are stabilising.
- Senior reported an in-line trading update. 2017 should prove to be a year in which profit margins troughed. Order books are strong for both the Flexonics and larger Aerospace division.
- Holding in the Somerset Emerging Markets Dividend Growth Fund was reduced with the proceeds reinvested into the HMG Global Emerging Markets Equity Fund.
- Investments were made across the fixed income funds in order to bring to target weightings.
- Due to an attractive relative valuation against other REITs investing on a similar basis we added to the holding of AEW UK REIT which was trading around NAV.
- We participated in the further capital raise of Primary Health Properties which is expanding its portfolio of health centres in Ireland and the UK.
- The recent political uncertainty over UK infrastructure has brought INPP to a valuation that warranted an increased allocation.

Cumulative performance (%)	3 months	6 months	1 year	3 years	5 years	Since launch
LF Seneca Diversified Income Fund	-0.6	-0.7	3.8	21.0	36.0	121.3
IA Mixed Investment 20-60% Shares	-1.0	-0.2	3.0	13.3	26.8	103.9

Discrete annual performance (%)	30.04.2018	30.04.2017	30.04.2016	30.04.2015	30.04.2014
LF Seneca Diversified Income Fund	3.8	15.2	1.2	7.1	4.9
IA Mixed Investment 20-60% Shares	3.0	12.5	-2.2	8.4	3.2

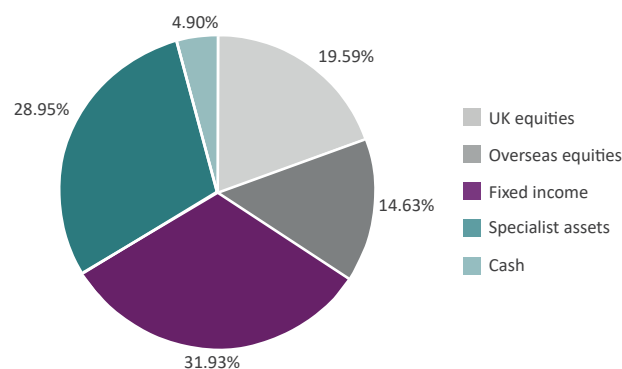
Source for all performance data: FE Analytics. Basis: Bid to bid, net income reinvested and net of fees in UK Sterling terms. The information on this factsheet is as at 30.04.2018 and refers to the 'B' share class with the exception of performance prior to 26.03.2012 which is calculated using the 'A' 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.



LF Seneca Diversified Income Fund

Asset breakdown



Source: Seneca IM

Top five holdings

UK Direct Equities*	
1. Marston's	1.3%
2. Kier Group	1.2%
3. Marks & Spencer	1.2%
4. Babcock International Group	1.0%
5. Dairy Crest Group	0.9%

Overseas Equities	
1. Liontrust European Enhanced Income Fund	2.2%
2. Prusik Asian Equity Income Fund	2.2%
3. Blackrock World Mining Trust	1.9%
4. Invesco Perpetual European Equity Income Fund	1.9%
5. Schroder Asian Income Maximiser Fund	1.8%

Fixed Income	
1. Royal London Short Duration Global High Yield Bond Fund	7.4%
2. Muzinich Short Duration High Yield Fund	7.0%
3. Royal London Sterling Extra Yield Bond Fund	6.4%
4. Templeton Emerging Markets Bond Fund	4.8%
5. TwentyFour Select Monthly Income Fund	4.0%

Specialist Assets	
1. AJ Bell Holdings Limited ¹	3.6%
2. International Public Partnership	2.6%
3. Fair Oaks Income Fund	2.1%
4. Doric Nimrod Air Two	2.1%
5. Greencoat UK Wind	1.5%

* 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	£114.08m
A Class month end price	93.74p
B Class month end price	112.62p
N Class month end price	110.99p
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