

## LF Seneca Diversified Income Fund

For retail investors only

Month end June 2018



### Research area

Asset allocation  
UK equities  
Specialist assets  
Fixed Income & Overseas Eq (EM)  
Fixed Income & Overseas Eq (Dev)

### Investment team

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

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

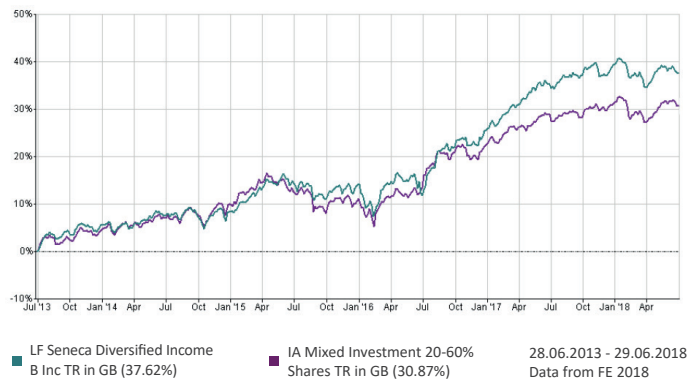
### Investment aim

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 <sup>1</sup> | 4.97%   |
| Distributions                   | monthly |

### 5 year performance chart (%)



### Commentary

- The Bank of England kept rates on hold, though chief economist Andy Haldane joined the minority of those on the Monetary Policy Committee calling for a hike.
- This caused Sterling to strengthen, as markets priced in the greater likelihood of an August increase in the Base Rate.
- Equity markets were generally weak as fears grew of a further deterioration in US-Chinese trade relations.
- Positive meeting with Senior confirmed that there remains considerable upside for the business at this stage in the aerospace and oil & gas cycle.
- Aberdeen Asian Income Fund was reduced following the introduction of the CIM Dividend Income Fund.
- Two small reductions to European Assets Trust and BlackRock World Mining Trust to bring towards target weights.
- Additions across fixed income including Templeton Emerging Markets Bond Fund and Muzinich Short Duration High Yield Fund.
- Introduction of Royal London Cash Plus Fund which seeks to deliver income in excess of money market rates, whilst protecting client capital.
- Due to the relatively high premium to NAV of Custodian Real Estate, we have reduced the allocation in order to focus on similarly positioned REITs trading closer to NAV.
- Following progress on capital deployment with the purchase of high quality UK mortgage portfolios, we have increased the allocation to UK Mortgages Ltd.
- We have committed to participate in the launch of Hipgnosis Songs Fund which is raising capital to invest in the copyright of proven well known songs with a heritage.

| Cumulative performance (%)        | 3 months | 6 months | 1 year | 3 years | 5 years | Since launch |
|-----------------------------------|----------|----------|--------|---------|---------|--------------|
| LF Seneca Diversified Income Fund | 2.0      | -1.4     | 2.1    | 21.1    | 37.6    | 120.2        |
| IA Mixed Investment 20-60% Shares | 2.8      | -0.4     | 2.4    | 16.7    | 30.9    | 105.1        |

| Discrete annual performance (%)   | 30.06.2018 | 30.06.2017 | 30.06.2016 | 30.06.2015 | 30.06.2014 |
|-----------------------------------|------------|------------|------------|------------|------------|
| LF Seneca Diversified Income Fund | 2.1        | 19.7       | -1.0       | 5.6        | 7.6        |
| IA Mixed Investment 20-60% Shares | 2.4        | 11.9       | 1.9        | 4.7        | 7.1        |

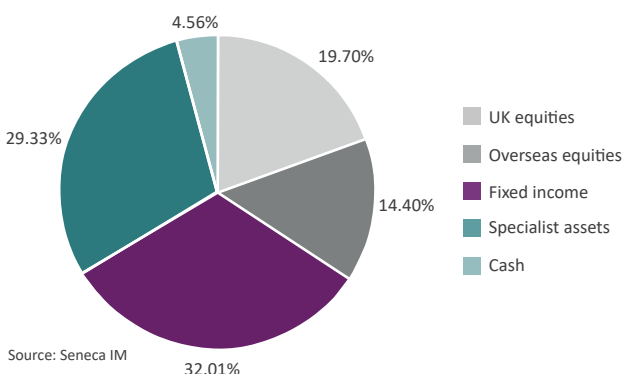
Source for all performance data: FE Analytics. Basis: Bid to bid, net income reinvested and net of fees in UK Sterling terms. The information on this factsheet is as at 30.06.2018 and refers to the 'B' share class with the exception of performance prior to 26.03.2012 which is calculated using the 'A' 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



## Top five holdings

### UK Direct Equities\*

|                      |      |
|----------------------|------|
| 1. Marston's         | 1.4% |
| 2. Marks & Spencer   | 1.2% |
| 3. Dairy Crest Group | 1.1% |
| 4. Kier Group        | 1.1% |
| 5. BT Group          | 1.1% |

### Overseas Equities

|  |      |
|--|------|
| 1. CIM Dividend Income Fund                      | 2.9% |
| 2. Prusik Asian Equity Income Fund               | 2.1% |
| 3. Liontrust European Enhanced Income Fund       | 2.1% |
| 4. Blackrock World Mining Trust                  | 2.0% |
| 5. Invesco Perpetual European Equity Income Fund | 1.8% |

### Fixed Income

|  |      |
|--|------|
| 1. Royal London Short Duration Global High Yield Bond Fund | 7.7% |
| 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                   | 3.9% |

### Specialist Assets

|  |      |
|--|------|
| 1. AJ Bell Holdings Limited <sup>1</sup> | 3.6% |
| 2. International Public Partnership      | 2.4% |
| 3. Fair Oaks Income Fund                 | 2.1% |
| 4. Doric Nimrod Air Two                  | 2.1% |
| 5. Sequoia Economic Infrastructure       | 1.9% |

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

<sup>1</sup> Unquoted investment Source: Link Fund Solutions

## Key facts

|                         |                                |
|-------------------------|--------------------------------|
| Launch date             | 8 April 2002                   |
| Size                    | £116.79m                       |
| A Class month end price | 92.43p                         |
| B Class month end price | 111.15p                        |
| N Class month end price | 109.50p                        |
| 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