

## LF Seneca Diversified Growth Fund

Month end September 2018

For retail investors only



### 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 long term capital growth 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 assets held through third party funds.

### 5 year performance chart (%)



### Commentary

- The US Federal Reserve raised the Fed Funds rate as expected by 25bps to a target range of 2-2.5%, and stated that monetary policy was no longer “accommodative”.
- Unemployment rates in key developed economies either fell or stayed flat, stoking inflation pressures.
- Long-term global inflation pressures, as implied by bond yields, rose sharply in September.
- There were no asset allocation changes in September; the cut in equities for all funds scheduled for end-September will take place at the beginning of October.
- RPC confirmed that it was in discussions with Apollo Global Management and Bain Capital which may result in an offer for the company. Shares closed up 18% on the day.
- Halfords held a Capital Markets Day in which the company set a target of generating more free cash flow between 2019 and 2021 than it did between 2016 and 2018.
- Following weakness across emerging market equities, we had the opportunity to make an additional investment in the HMG Global Emerging Markets Equity Fund.
- Templeton Emerging Markets Bond Fund was brought to target weight. The Fund now has a distribution yield of 10.5%.
- The strength of share price in Greencoat UK Wind has put the shares on a 14% premium to NAV therefore we have trimmed the position to move underweight.
- After meeting with INPP’s management team following recent results we feel the underlying valuations of infrastructure assets are very conservative, therefore we increased the overweight position.

| Cumulative performance (%)        | 3 months | 6 months | 1 year | 3 years | 5 years | Since launch |
|-----------------------------------|----------|----------|--------|---------|---------|--------------|
| LF Seneca Diversified Growth Fund | 0.8      | 3.7      | 2.8    | 34.4    | 43.0    | 182.0        |
| IA Mixed Investment 40-85% Shares | 1.4      | 6.4      | 5.4    | 32.6    | 40.9    | 147.0        |

| Discrete annual performance (%)   | 30.09.2018 | 30.09.2017 | 30.09.2016 | 30.09.2015 | 30.09.2014 |
|-----------------------------------|------------|------------|------------|------------|------------|
| LF Seneca Diversified Growth Fund | 2.8        | 16.0       | 12.7       | 1.2        | 5.1        |
| IA Mixed Investment 40-85% Shares | 5.4        | 9.1        | 15.4       | 0.6        | 5.6        |

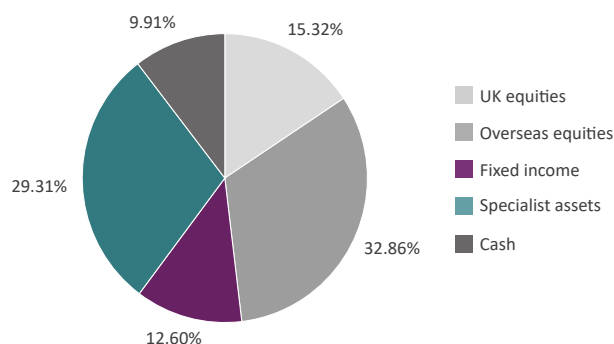
Source for all performance data: FE Analytics. Basis: Bid to bid, net income reinvested and net of fees in UK Sterling terms. The information on this factsheet is as at 30.09.2018 and refers to the 'B' share class with the exception of performance prior to 26.03.2012 which is calculated using the 'A' 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 Growth Fund

## Asset breakdown



Source: Seneca IM

## Top five holdings

| UK Direct Equities* |      |
|---------------------|------|
| 1. Marston's        | 1.1% |
| 2. OneSavings Bank  | 1.1% |
| 3. BT Group         | 1.0% |
| 4. RPC Group        | 0.9% |
| 5. Kier Group       | 0.9% |

| Overseas Equities                                |      |
|--|------|
| 1. Invesco Perpetual European Equity Income Fund | 5.6% |
| 2. Goodhart Michinori Japan Equity Fund          | 5.3% |
| 3. HMG Global Emerging Markets Equity Fund       | 4.5% |
| 4. Samarang Asian Prosperity Fund                | 3.9% |
| 5. Prusik Asian Equity Income Fund               | 3.4% |

| Fixed Income   |      |
|--|------|
| 1. Royal London Short Duration Global High Yield Bond Fund | 5.1% |
| 2. Royal London Sterling Extra Yield Bond Fund             | 2.9% |
| 3. TwentyFour Select Monthly Income Fund                   | 2.5% |
| 4. Templeton Emerging Markets Bond Fund                    | 2.0% |
| 5. N/A   |      |

| Specialist Assets                        |      |
|--|------|
| 1. AJ Bell Holdings Limited <sup>1</sup> | 4.3% |
| 2. International Public Partnership      | 2.7% |
| 3. Doric Nimrod Air Two                  | 2.2% |
| 4. Fair Oaks Income Fund                 | 1.9% |
| 5. UK Mortgages Ltd                      | 1.8% |

\* 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                    | £119.24m                       |
| A Class month end price | 273.07p                        |
| B Class month end price | 164.55p                        |
| N Class month end price | 161.79p                        |
| Total holdings          | 56                             |
| IA sector               | Mixed Investment 40-85% shares |
| Share type              | Accumulation only              |
| Valuation point         | 12:00 midday                   |

| Share class info | A            | B            | N            |
|------------------|--------------|--------------|--------------|
| OCF*             | 1.89%        | 1.24%        | 1.49%        |
| Min lump sum     | £3,000       | £100,000     | £1,000       |
| Min reg saver    | £50          | -            | £50          |
| ISIN             | GB0031467631 | GB00B7FPW579 | GB00B7FW0099 |
| SEDOL            | 3146763      | B7FPW57      | B7FW009      |

\* Based on expenses as at 31.03.2018

## Contact us

### Steve Hunter - head of business development

D 0151 906 2481 M 07470 478 974 E [steve.hunter@senecaim.com](mailto:steve.hunter@senecaim.com)

### Helen O'Loughlin - business development consultant

D 0151 906 2483 M 07789 745 214 E [helen.oloughlin@senecaim.com](mailto:helen.oloughlin@senecaim.com)

### Lucy Dolan - business development consultant

D 0151 906 2479 E [lucy.dolan@senecaim.com](mailto:lucy.dolan@senecaim.com)

### Emmy Duke - senior marketing executive

T 0151 906 2477 E [emmy.duke@senecaim.com](mailto:emmy.duke@senecaim.com)

### David Thomas - chief executive

D 0151 906 2480 M 07469 392 164 E [david.thomas@senecaim.com](mailto:david.thomas@senecaim.com)

### Seneca dealing line – Link Fund Solutions

T 0345 608 1497

## Important information

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## Seneca Investment Managers Limited

Tenth Floor, Horton House, Exchange Flags, Liverpool, L2 3YL

T 0151 906 2450 E [info@senecaim.com](mailto:info@senecaim.com) W [senecaim.com](http://senecaim.com)

## Multi-Asset Value Investing