

LF Seneca Diversified Income Fund

For retail investors only

Month end September 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)

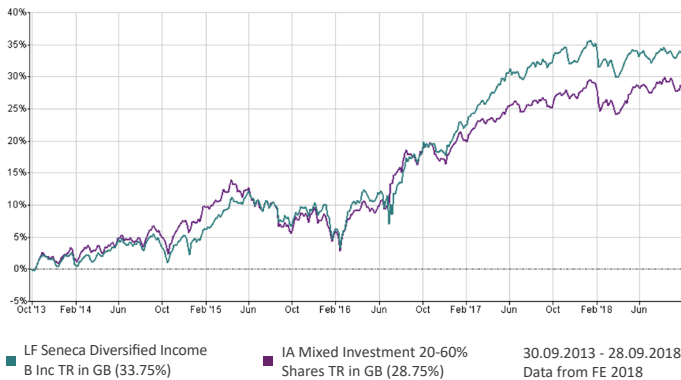
Investment aim

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 ¹	5.0%
Distributions	monthly

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.
- Added to BlackRock World Mining Trust which is trading at a double digit discount to net asset value.
- 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 Income Fund	0.8	2.8	0.7	25.4	33.8	121.8
IA Mixed Investment 20-60% Shares	0.7	3.6	2.6	22.1	28.8	106.7

Discrete annual performance (%)	30.09.2018	30.09.2017	30.09.2016	30.09.2015	30.09.2014
LF Seneca Diversified Income Fund	0.7	12.7	10.5	3.0	3.6
IA Mixed Investment 20-60% Shares	2.6	6.2	12.1	0.3	5.1

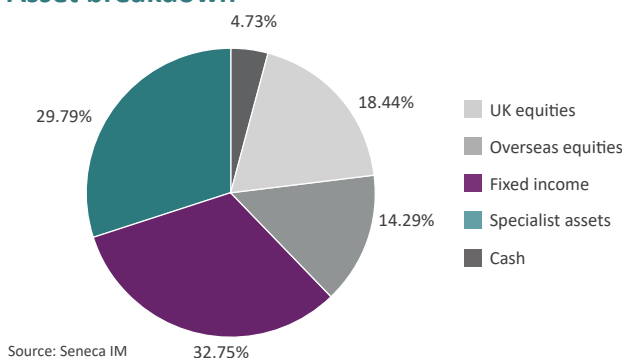
Source for all performance data: FE Analytics. Basis: Bid to bid, net income reinvested and net of fees in UK Sterling terms. The information on this factsheet is as at 30.09.2018 and refers to the 'B' share class with the exception of performance prior to 26.03.2012 which is calculated using the 'A'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

Asset breakdown



Top five holdings

UK Direct Equities*	
1. Marston's	1.5%
2. Kier Group	1.2%
3. BT Group	1.1%
4. Dairy Crest Group	1.0%
5. Marks & Spencer	0.9%

Overseas Equities	
1. CIM Dividend Income Fund	2.8%
2. Liontrust European Enhanced Income Fund	2.0%
3. Prusik Asian Equity Income Fund	2.0%
4. Blackrock World Mining Trust	1.9%
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	7.6%
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 ¹	3.9%
2. International Public Partnership	2.7%
3. Doric Nimrod Air Two	2.3%
4. Fair Oaks Income Fund	2.0%
5. Sequoia Economic Infrastructure	1.8%

* 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	£119.36m
A Class month end price	91.86p
B Class month end price	110.61p
N Class month end price	108.92p
Total holdings	59
IA sector	Mixed Investment 20-60% shares
Share type	Monthly income only
Valuation point	12:00 midday

Share class info	A	B	N
OCF*	1.81%	1.16%	1.41%
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 31.03.2018

Contact us

Steve Hunter - head of business development

D 0151 906 2481 M 07470 478 974 E steve.hunter@senecaim.com

Helen O'Loughlin - business development consultant

D 0151 906 2483 M 07789 745 214 E helen.oloughlin@senecaim.com

Lucy Dolan - business development consultant

D 0151 906 2479 E lucy.dolan@senecaim.com

Emmy Duke - senior marketing executive

T 0151 906 2477 E emmy.duke@senecaim.com

David Thomas - chief executive

D 0151 906 2480 M 07469 392 164 E david.thomas@senecaim.com

Seneca dealing line – Link Fund Solutions

T 0345 608 1497

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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Seneca Investment Managers Limited

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

T 0151 906 2450 E info@senecaim.com W senecaim.com

Multi-Asset Value Investing