

LF Seneca Diversified Growth Fund

For retail investors only

Month end October 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 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, specialist assets and managed liquidity** held through third party funds.

5 year performance chart (%)



Commentary

- We lowered the fund's equity target by 1%pt on 1 Oct, half from Europe ex UK and half from Japan.
- Equity markets around the world fell sharply during the month, though there was no clear trigger.
- Rising bond yields, increasing trade tensions, an overheating US economy, and the strong dollar were all cited as possible culprits.
- Positive meeting with new CEO of Ultra Electronics, Simon Pryce. We believe there is a considerable opportunity for Mr Pryce to unlock value from within the group.
- Deadline extended for Apollo Global and/or Bain Capital to make a bid for RPC.
- Following the reduction in the tactical asset allocation weights to Japan and Europe ex UK, the holdings in the Goodhart Michinori Japan Equity Fund and Invesco Perpetual European Equity Income Fund were reduced.
- We added to the BlackRock World Mining Trust, which trades at an attractive discount to net asset value.
- Royal London Short Duration Global High Yield Bond Fund was increased, following the increased tactical asset allocation weight to corporate bonds.
- We moved from underweight to overweight in Sequoia Economic Infrastructure by participation in equity issuance which was conducted at a price below where the shares have traded in recent times.
- We moved more underweight in Greencoat UK Wind PLC as the shares have been trading at a wide premium which could narrow in the event of future equity issuance.

Cumulative performance (%)	3 months	6 months	1 year	3 years	5 years	Since launch
LF Seneca Diversified Growth Fund	-3.2	-1.6	-2.1	26.3	34.4	174.8
IA Mixed Investment 40-85% Shares	-4.8	-1.6	-1.8	21.3	30.1	135.6

Discrete annual performance (%)	31.10.2018	31.10.2017	31.10.2016	31.10.2015	31.10.2014
LF Seneca Diversified Growth Fund	-2.1	15.5	11.7	6.2	0.2
IA Mixed Investment 40-85% Shares	-1.8	9.8	12.4	5.0	2.1

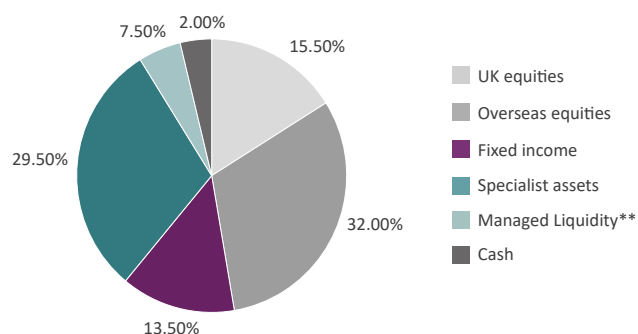
Source for all performance data: FE Analytics. Basis: Bid to bid, net income reinvested and net of fees in UK Sterling terms. The information on this factsheet is as at 31.10.2018 and refers to the 'B' share class with the exception of performance prior to 26.03.2012 which is calculated using the 'A' 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 (target weights)



Source: Seneca IM, actual weights may differ from targets

Top five target holdings

UK Direct Equities*

1. Marks & Spencer	0.9%
2. Marston's	0.9%
3. Babcock International Group	0.9%
4. BT Group	0.9%
5. Arrow Global Group	0.8%

Overseas Equities

1. Invesco Perpetual European Equity Income Fund	5.0%
2. Goodhart Michinori Japan Equity Fund	5.0%
3. HMG Global Emerging Markets Equity Fund	4.5%
4. Samarang Asian Prosperity Fund	4.0%
5. Prusik Asian Equity Income Fund	3.5%

Fixed Income

1. Royal London Short Duration Global High Yield Bond Fund	6.0%
2. Royal London Sterling Extra Yield Bond Fund	3.0%
3. TwentyFour Select Monthly Income Fund	2.5%
4. Templeton Emerging Markets Bond Fund	2.0%
5. N/A	

Specialist Assets

1. International Public Partnership	2.6%
2. AJ Bell Holdings Limited ¹	2.3%
3. Fair Oaks Income Fund	2.0%
4. Doric Nimrod Air Two	2.0%
5. Sequoia Economic Infrastructure	2.0%

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

¹ Unquoted investment Source: Seneca Investment Managers

Key facts

Launch date	8 April 2002
Size	£116.27m
A Class month end price	265.88p
B Class month end price	160.31p
N Class month end price	157.58p
Total holdings	58
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

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Important information

**Managed Liquidity is a term used to describe assets that can be quickly converted into cash. This category includes investments in open ended funds which invest in short dated corporate bonds and covered bonds (these will have a minimum credit rating of AA-) and money market instruments (these will have a minimum credit rating of A). These funds offer very low risk exposure to interest rate, credit spread and currency risks.

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Multi-Asset Value Investing