

LF Seneca Investment Funds

LF Seneca Diversified Growth Fund
LF Seneca Diversified Income Fund

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



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CONTENTS

ACD's Report	4
Authorised Status	4
Important Information	4
Cross Holdings	4
Remuneration Policy	5
Securities Financing Transactions	7
Director's Statement	8
Statement of ACD's Responsibilities	9
Statement of Depositary's Responsibilities	10
Report of the Depositary	10
Independent Auditor's Report to the Members of LF Seneca Investment Funds	11
Accounting and Distribution Policies	14

CONTENTS *continued*

LF SENECA DIVERSIFIED GROWTH FUND

ACD's Report	18
Important Information	18
Investment Objective and Policy	18
Investment Manager's Report	19
Fund Information	25
Portfolio Statement	31
Summary of Material Portfolio Changes	35

FINANCIAL STATEMENTS

Statement of Total Return	36
Statement of Change in Net Assets Attributable to Shareholders	36
Balance Sheet	37
Notes to the Financial Statements	38
Distribution Table	49

CONTENTS *continued*

LF SENECA DIVERSIFIED INCOME FUND

ACD's Report	51
Important Information	51
Investment Objective and Policy	51
Investment Manager's Report	52
Fund Information	58
Portfolio Statement	64
Summary of Material Portfolio Changes	68

FINANCIAL STATEMENTS

Statement of Total Return	69
Statement of Change in Net Assets Attributable to Shareholders	69
Balance Sheet	70
Notes to the Financial Statements	71
Distribution Table	83
General Information	90

ACD'S REPORT

for the year ended 31 March 2019

Authorised Status

LF Seneca Investment Funds ('the Company') is an investment company with variable capital incorporated in England and Wales under registered number IC000342 and authorised by the Financial Conduct Authority with effect from 5 October 2004. The Company has unlimited duration.

Shareholders are not liable for the debts of the Company. Shareholders are not liable to make any further payment to the Company after they have paid the price on purchase of the shares.

The Company is a UCITS scheme and the base currency of the Company and each sub-fund is pounds sterling.

Important Information

On 3 August 2018 a new share class, the 'I' Accumulation was launched in the LF Seneca Diversified Growth Fund.

On 3 August 2018 a new share class, the 'I' Income was launched in the LF Seneca Diversified Income Fund.

With effect from 24 May 2019, the Authorised Corporate Director, Link Fund Solutions Limited, retired and was replaced by Valu-Trac Investment Management Limited. A summary of these changes is set out below:

- The Authorised Corporate Director of the Company changed from Link Fund Solutions Limited to Valu-Trac Investment Management Limited;
- The name of the Company changed to VT Seneca Investment Fund, and the name of the sub-funds changed to VT Seneca Diversified Growth Fund and VT Seneca Diversified Income;
- The appointment of a new Depositary; changed from Bank of New York (International) Limited to NatWest Trustee and Depositary Services Limited;
- A change to the periodic fees of the Depositary;
- A change to the fees payable to the Custodian:
 - A change to the range of transaction charges to between £0 and £40 per transaction plus VAT (if any).
 - A change to the range of custody charges to between 0.0% to 0.12% of the value of the holding involved.
- The Auditor for the Company changed from Ernst & Young LLP to Johnston Carmichael LLP.

Cross Holdings

No sub-funds had holdings in any other sub-fund of the Company at the end of the year.

ACD'S REPORT *continued*

Remuneration Policy

Link Fund Solutions Limited ('LFSL') is committed to ensuring that its remuneration policies and practices are consistent with, and promote, sound and effective risk management. LFSL's remuneration policy is designed to ensure that excessive risk taking is not encouraged by or within LFSL including in respect of the risk profile of the funds it operates, to manage the potential for conflicts of interest in relation to remuneration (having regard, inter alia, to its formal conflicts of interest policy) and to enable LFSL to achieve and maintain a sound capital base.

LFSL acts as the operator of both UCITS funds and AIFs.

LFSL delegates portfolio management for the funds to various investment management firms. The portfolio managers' fees and expense for providing investment management services are paid by the ACD out of its own remuneration under the ACD agreement. The investment management firms make information on remuneration publicly available in accordance with the disclosure requirements of Pillar 3 of the Capital Requirements Directive. This disclosure is in respect of LFSL activities (including activities performed by its sister company Link Fund Administrators Limited (LFAL) or by employees of that entity), and excludes activities undertaken by third party investment management firms. LFSL staff do not perform duties in respect of particular funds, nor are they remunerated by reference to the performance of any individual fund. Accordingly, the information below is for LFSL as a whole. No attempt has been made to attribute remuneration to the Company itself.

Information on LFSL's remuneration arrangements is collated annually, as part of its statutory accounts preparation processes. However, following the acquisition by Link Administration Holdings Limited on 3 November 2017, LFSL changed its accounting reference date to 30 June to align with that of its new parent, and its most recent account period was therefore for the six months to 30 June 2018. To provide investors with transparency and comparability, this report includes remuneration disclosures for both this shortened accounting period and the previous one, for the calendar year ended 31 December 2017. As at 30 June 2018, LFSL operated 96 UCITS and 59 AIFs (31.12.17: 95 UCITS and 59 AIFs), whose respective assets under management ('AuM') were £39,632 million and £17,801 million (31.12.17: £41,425 million and £16,780 million). This Company was valued at £235 million as at 30 June 2018 and represented 0.41% of LFSL's total AuM and 0.59% of its UCITS AuM (31.12.17: this Company was valued at £224 million and represented 0.39% of LFSL's total AuM and 0.54% of its UCITS AuM).

ACD'S REPORT *continued*

Remuneration Policy *continued*

The disclosure below represents that required under COLL 4.5.7R (7) for funds subject to UCITS obligations.

2018	Number of beneficiaries	Fixed £'000	Variable £'000	Total £'000
Total amount of remuneration paid by LFSL for the financial period to 30 June 2018	149	3,249	924	4,173
Total amount of remuneration paid to members of staff whose activities have a material impact on the risk profile of the funds for the financial period to 30 June 2018				
Senior management (including all Board members)	6	356	348	704
Staff engaged in control functions	4	182	59	241
Risk takers and other identified staff	15	561	205	766
Any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers	–	–	–	–

2017	Number of beneficiaries	Fixed £'000	Variable £'000	Total £'000
Total amount of remuneration paid by LFSL for the financial year to 31 December 2017	188	5,497	633	6,130
Total amount of remuneration paid to members of staff whose activities have a material impact on the risk profile of the funds for the financial year to 31 December 2017				
Senior management (including all Board members)	6	551	132	683
Staff engaged in control functions	4	310	–	310
Risk takers and other identified staff	15	995	19	1,014
Any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers	–	–	–	–

LFSL's remuneration arrangement include fixed salaries, contributory pension arrangements and certain other benefits, and the potential for discretionary bonuses. The amount available for payment of discretionary bonuses is dependent on satisfactory performance by the Company as a whole, rather than the performance of any individual fund. Subject to satisfactory Company performance, bonuses may then be paid to staff to reflect their contribution to the Company's success. The precise metrics used will vary by function, but consideration is given to both qualitative and quantitative measures.

ACD'S REPORT *continued*

Remuneration Policy *continued*

None of LFSL's staff receives remuneration based on the performance of any individual fund.

Further details can be found at www.linkfundsolutions.co.uk/assets/media/LFS_Explanation_of_Compliance_with_Remuneration_Code.pdf.

Securities Financing Transactions

The Company has the ability to utilise Securities Financing Transactions (being transactions such as lending or borrowing of securities, repurchase or reverse repurchase transactions, buy-sell back or sell-buy back transactions, or margin lending transactions). No such transactions have been undertaken in the period covered by this report.

LINK FUND SOLUTIONS LIMITED

ACD of LF Seneca Investment Funds

23 May 2019

DIRECTOR'S STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

N. BOYLING

LINK FUND SOLUTIONS LIMITED

ACD of LF Seneca Investment Funds

23 May 2019

STATEMENT OF ACD'S RESPONSIBILITIES

The Collective Investment Schemes sourcebook published by the FCA ('the COLL Rules') requires the ACD to prepare financial statements for each annual accounting year which give a true and fair view of the financial position of the Company, comprising each of its sub-funds, and of the net revenue/expense and net capital gains/losses on the property of the Company's sub-funds for the year.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the ACD, which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

REPORT OF THE DEPOSITARY

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the ACD:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with the Regulations and the Scheme documents of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED

Depositary of LF Seneca Investment Funds

23 May 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LF SENECA INVESTMENT FUNDS

Opinion

We have audited the financial statements of LF Seneca Investment Funds ('the Company') for the year ended 31 March 2019 which comprise the Statement of Total Return and Statement of Change in Net Assets Attributable to Shareholders together with the Balance Sheet for each of the Company's sub-funds, the accounting policies of the Company, the related notes for each sub-fund and the Distribution Tables, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 31 March 2019 and of the net revenue and the net capital gains on the scheme property of the Company comprising each of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting standard applicable in the UK and Republic of Ireland'.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the ACD's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the ACD have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LF SENECA INVESTMENT FUNDS *continued*

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation;
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records.

Matters on Which We Are Required to Report by Exception

We have nothing to report in respect of the follow matter in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority rules requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LF SENECA INVESTMENT FUNDS *continued*

Responsibilities of Authorised Corporate Director (ACD)

As explained more fully in the ACDs' responsibilities statement set out on page 9, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of Our Report

This report is made solely to the company's members, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

ERNST & YOUNG LLP

Statutory Auditor

London

23 May 2019

ACCOUNTING AND DISTRIBUTION POLICIES

for the year ended 31 March 2019

1. Accounting Policies

The principal accounting policies, which have been applied to the financial statements of the sub-funds in both the current and prior year, are set out below. These have been applied consistently across all sub-funds unless otherwise stated in the Notes to the Financial Statements of each sub-fund.

(A) BASIS OF ACCOUNTING

The financial statements of each sub-fund have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements have been prepared in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of UK Authorised Funds issued by the Investment Association ('IA') in May 2014, as amended.

(B) RECOGNITION OF REVENUE

Dividends on quoted equities and preference shares are recognised when the securities are quoted ex-dividend.

Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution is deducted from the cost of the investment in the scheme and does not form part of the distributable revenue.

Reportable income from funds with 'Reporting Fund' status for UK tax purposes is recognised when the information is made available by the Reporting Fund.

Revenue from unquoted equity investments is recognised when the dividend is declared.

Rebates of annual management charges (AMC rebates) from underlying investments are accounted for on an accruals basis and are recognised as revenue, or capital in line with the allocation of the annual management charge between capital and revenue of the underlying investments.

Interest on bank and other cash deposits is recognised on an accruals basis.

Revenue is recognised gross of any withholding taxes but excludes attributable tax credits.

Where appropriate, certain permitted financial instruments such as derivatives or forward currency contracts are used for efficient portfolio management. Where such financial instruments are used to protect or enhance revenue, the revenue and expenses derived there from are included in 'Revenue' in the Statement of Total Return. Where such financial instruments are used to protect or enhance capital, the gains and losses derived there from are included in 'Net capital gains or losses' in the Statement of Total Return.

(C) TREATMENT OF EXPENSES

All expenses, except for those relating to the purchase and sale of investments, are charged initially against revenue.

ACCOUNTING AND DISTRIBUTION POLICIES *continued*

(D) ALLOCATION OF REVENUE AND EXPENSES TO MULTIPLE SHARE CLASSES AND SUB-FUNDS

Any revenue or expense not directly attributable to a particular share class or sub-fund will normally be allocated pro-rata to the net assets of the relevant share classes and sub-funds, unless a different allocation method is more appropriate.

All share classes are ranked *pari passu* and have no particular rights or terms attached, including rights on winding up.

(E) TAXATION

Corporation tax is provided at 20% on taxable revenue, after deduction of allowable expenses.

Offshore income gains, from funds without reporting status, are liable to corporation tax at 20% and any resulting charge is deducted from capital.

Where overseas tax has been deducted from overseas revenue that tax can, in some instances, be set off against the corporation tax payable by way of double tax relief and where this is the case the offset is reflected in the tax charge.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

(F) BASIS OF VALUATION OF INVESTMENTS

All investments are valued at their fair value as at close of business on the last business day of the financial year.

Quoted investments are valued at fair value which generally is the bid price, excluding any accrued interest in the case of debt securities. Accrued interest on debt securities is included in revenue.

Collective investment schemes are valued at published bid prices for dual priced funds and at published prices for single priced funds.

Structured products for which a price can only be obtained from the issuer are valued at the fair value per the issuer and the value is confirmed by an independent price provider by reference to the terms as defined in the term sheet of the structured product.

For investments for which there is no quoted price or for which the quoted price is unreliable, fair value is determined by the ACD, taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance, maturity of the company and other relevant factors.

ACCOUNTING AND DISTRIBUTION POLICIES *continued*

(G) EXCHANGE RATES

The base and functional currency of the sub-funds is pounds sterling. Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the exchange rate prevailing at close of business on the last business day of the financial year.

(H) DILUTION LEVY

The ACD may require a dilution levy on the purchase and redemption of shares if, in its opinion, the existing shareholders (for purchases) or remaining shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the scheme property of a sub-fund is in continual decline; on a sub-fund experiencing large levels of net purchases relative to its size; on 'large deals' (typically being a purchase or redemption of shares to a size exceeding 5% of the Net Asset Value of the relevant sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining shareholders require the imposition of a dilution levy.

(I) DIRECT TRANSACTION COSTS

Direct transaction costs may consist of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Indirect transaction costs may be incurred on transactions in underlying schemes but these do not form part of the direct transaction costs disclosures. Direct transaction costs do not include any difference between the quoted bid and offer prices or internal administrative or holding costs. The average portfolio dealing spread disclosed is the difference between the bid and offer prices of investments at the balance sheet date, including the effect of foreign exchange, expressed as a percentage of the value determined by reference to the offer price.

2. Distribution Policies

Surplus revenue after expenses and taxation, as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to shareholders. Any deficit of revenue is deducted from capital.

Interim distributions may be made at the ACD's discretion. Final distributions are made in accordance with the COLL Sourcebook.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the sub-fund.

The ordinary element of stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue of the Fund. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of any distribution.

ACCOUNTING AND DISTRIBUTION POLICIES *continued*

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. Amounts recognised as capital are deducted from the cost of the investment. The tax accounting treatment follows the treatment of the principal amount.

LF SENECA DIVERSIFIED GROWTH FUND ACD'S REPORT

for the year ended 31 March 2019

Important Information

Refer to the 'Important Information' section on page 4.

Investment Objective and Policy

The investment objective of LF Seneca Diversified Growth Fund ('the Fund') is to achieve long-term capital growth by investing in a balanced and well diversified portfolio of UK and international equities, and fixed interest securities including government and corporate bonds. Investments will also be made in regulated collective investment schemes, money markets and cash deposits to provide further diversification to the Fund in accordance with applicable regulations.

LINK FUND SOLUTIONS LIMITED

ACD of LF Seneca Diversified Growth Fund

23 May 2019

LF SENECA DIVERSIFIED GROWTH FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 31 March 2019

Investment Approach

Seneca Investment Managers is a fund management company specialising in multi-asset investing. This form of investing combines traditional securities, such as equities and bonds, with non-traditional approaches, such as specialist assets* to deliver specific outcomes.

Our investment approach differs in that we make decisions using a value investing ethos. We believe this approach makes it easier to achieve investor objectives and offers the prospect of superior long term returns and avoidance of permanent loss of capital.

The bible of value investing is Security Analysis, written by Benjamin Graham and David Dodd in 1934. They set out a framework for assessing the intrinsic value of stocks, then proposed that investors should only buy stocks below their intrinsic value.

At Seneca we use these principles to assess different asset classes, select stocks and when picking third party funds, to choose managers who employ value investing techniques. Our value investing approach means that our funds are actively managed and different, both from common benchmarks and from the competition.

Successful active management involves finding patterns in financial assets and taking advantage of them. Performing well for our investors is about finding value in multi-asset investing and making better decisions than other investors.

* Property, private equity, specialist financial and infrastructure.

LF SENECA DIVERSIFIED GROWTH FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Asset Allocation

Fund Asset Structure as at 31 March 2019

There have been no changes to the strategic asset allocation for the Fund over the period. The strategic asset allocation is consistent with the Fund's investment objectives over the long term. It is, as such, likely to change infrequently, though subject to review every 12 months.

ASSET CLASS	Fund %	Strategic Asset Allocation %
Equities	51.2	60.0
UK	20.3	20.0
North America	0.0	8.0
Europe ex UK	6.2	8.0
Japan	6.6	8.0
Emerging Markets	4.4	8.0
Asia (exc. Japan)	10.4	8.0
Global/Other	3.4	0.0
Fixed Income	12.3	15.0
Specialist Assets	27.0	25.0
Cash/Managed Liquidity/Gold	9.6	0.0
Total	100.0	100.0

Source: Seneca Investment Managers

Figures may not sum due to rounding.

During the period, equity exposure was increased slightly from 50.8% to 51.2%. Excluding the reclassification of AJ Bell from private equity to UK equities, the total equity exposure was reduced. Although Brexit uncertainty weighed on the UK economy during the period, inflationary pressures persisted. It was thus deemed that an economy affected by uncertainty as well as there being limited scope for the Bank of England to loosen monetary policy would impact the attractiveness of UK equities.

In relation to total equity exposure, we are now most overweight in Asia ex Japan and global thematic funds. The former is interesting both in relation to its good long-term structural growth prospects as well as opportunities in relation to more inefficient markets. The global thematic funds exposure pertains to two mining funds, one a general mining fund and one specialising in gold mining. The latter was added towards the end of the reporting period and reflects the view that as and when the current cycle draws to an end, more stimulative monetary policies will be required.

LF SENECA DIVERSIFIED GROWTH FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

The Fund remains underweight fixed income, though less so than at the beginning of the reporting period. This reflects the view that developed economy government bond yields offer little in the way of value at current low yields. However, reasonable yields can still be found in specific areas of the credit market, such as short duration high yield bonds and emerging market debt. The Fund is invested in both of these areas.

Specialist assets continue to offer attractive income yields backed by real assets, such as aircraft leasing, renewable energy and targeted areas of the property market.

Portfolio Activity

UK Equities

The overall target weight to UK equities was increased over the year because of the successful listing of AJ Bell Holdings in December which meant the position had to be reallocated from Private Equity within Specialist Assets to UK Equities. Excluding this, the target weight to UK Equities was reduced by 1%.

AJ Bell Holdings listed on 7th December and the price has subsequently doubled. We sold a portion of the Fund's holding into the IPO but retained a large position. The Fund is in a lock-up period on the balance of the holding until early June.

Two of the holdings received takeover approaches, demonstrating the value that exists within the UK equity portfolio. The Board of **RPC** recommended a final cash offer by Apollo. The offer was at a 24% premium to the shares' recent lows, however, we felt it ultimately undervalued the business. A subsequent offer was tabled by Berry Global, but frustratingly only at a 1% premium to the offer that was tabled by Apollo. RPC was significantly reduced.

The Board of **Dairy Crest** recommended an all cash offer by Canadian based Saputo which was at a 34% premium to the 90-day volume weighted average price of the shares. The holding was subsequently reduced significantly.

Diploma was exited, in order to facilitate the reduced weighting to UK Equities. The shares had re-rated significantly, since we first invested, and the company's long-standing CEO had recently retired, thereby introducing an element of risk around executing the group's strategy going forward. The shares had returned 123% since first investing in September 2015.

Victrex was exited on valuation grounds. Victrex is a high quality business with strong growth prospects and a robust balance sheet. The shares had re-rated considerably, however, to the extent that growth above and beyond past experience was needed to justify the prevailing valuation. The shares had returned 93% since first investing in January 2016.

Lastly, we participated in the equity raise by **Kier Group**. Clients in the industry are increasingly focussing on contractor balance sheets, thus the equity raise should help Kier in winning future work. Full year guidance was left unchanged.

LF SENECA DIVERSIFIED GROWTH FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Overseas Equities

Following the reduction of our North America weight to zero, we exited our investment in the **Heptagon Yactman US Equity Fund**. Decreases in asset allocation weights to Europe ex UK and Japan also resulted in us reducing the holdings in the **Invesco European Equity Income Fund** and **Goodhart Partners Horizon Michinori Japan Equity Fund**.

Elsewhere we added to our investment in the **Goodhart Partners HMG Global Emerging Markets Bond Fund**. The fund, run by Marc Girault, invests in emerging market listed subsidiaries of developed market multinational businesses. Over the year, the value within the portfolio has started to become appreciated by the market, with around 10% of the holdings being taken over.

Additional investments were also made in the **Samarang Asian Prosperity Fund**. The fund, usually closed, was reopened for a short period following the market falls across Asia during the end of 2018. The fund is trading at an attractive discount on a price to book basis with a dividend yield of over 4.5%.

At the end of March we introduced the **Investec Global Gold Fund** to the Overseas Equities allocation. Gold mining equities provide a “leveraged” exposure to the gold price, which we anticipate will start to regain more of its shine, as central banks continue to pursue extraordinary monetary policies. To fund this purchase, we reduced our holding in the more broadly mandated **BlackRock World Mining Trust**.

Fixed Income

As we continue to reduce equity exposure as the business and market cycles mature, we have added to our fixed income investments, particularly in the **Royal London Short Duration Global High Yield Bond Fund**. The fund provides an underlying yield of around 3.5%, delivered through investments in short duration high yield bonds, affording us some protection against rising interest rates.

Following a more volatile period across the emerging market debt market, we added to the **Templeton Emerging Markets Bond Fund**. The fund is a highly contrarian investor in emerging market sovereign debt, seeking to invest in attractive currency and duration risk reward opportunities.

Finally, we introduced the **Royal London Cash Plus Fund** to the portfolio. The strategy aims to provide an income in excess of those which can be obtained from money market rates but protection of capital is paramount to the approach. Outside of the fund's core positions in certificates of deposit and floating rate notes with high quality banks, the largest allocations are made to covered bonds and short dated investment grade debt. This we feel provides some slightly more attractive returns than holding cash on deposit with the Fund's custodian.

Specialist Assets

As the year progressed and property valuations continued to advance we decided to exit the holding of **Custodian REIT** which had been re-rated to a large premium to NAV. Meanwhile our holdings in **AEW UK REIT** and **Ediston Property Investment Company** had not enjoyed the same share price strength despite having similar attributes, we therefore recycled some of the capital into them both.

LF SENECA DIVERSIFIED GROWTH FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Towards the end of March 2019 the completed merger of **Primary Healthcare Properties ('PHP')** with Medicx resulted in a strong revaluation of PHP which moved us to reduce the size of the position. However, as we continue to like the property sub-sector of GP surgery and health centres, we have reintroduced Assura plc into the portfolio, as that has not been rerated to the same degree despite having very similar characteristics.

In private equity, the portfolio saw the completion of the bid for **Aberdeen Private Equity Fund**. While the bid was announced in December 2017, it did not complete until April 2018 at which point the capital left the portfolio.

The portfolio benefitted substantially by the listing of **A J Bell Holdings Ltd** (now AJ Bell plc), its largest private equity investment. Half of the portfolio's holding was sold into the IPO at a material uplift from the previous carrying value. The remaining holding is now held within UK Equity, with the shares building further since its listing price of 160p.

In order to replace A J Bell in private equity and to continue our policy of supporting entrepreneurial owner managers of private companies, we have reinvested capital into **Merian Chrysalis** and **Woodford Patient Capital**.

Both of these private equity trusts are targeting predominantly UK private companies that are either disruptors in their sector or creating a new product or service. Private companies are electing to stay private for longer and therefore capture and retain control of returns for longer. This is where Merian Chrysalis is seeking to profit, as it provides capital to companies to enable them to pursue their growth plans while still in the private arena. Woodford Patient Capital Trust operates more towards early stage companies who are further away from a listing, but need long term capital to pursue their plans. We invested as the trust has been trading at a discount to Net Asset Value of around 15% and there are signs that the portfolio companies are making good progress on their business plans which has not been matched by the trust's share price performance.

Outlook

Business cycles in the US and the UK appear well advanced, with unemployment now at very low levels and wages showing signs of accelerating. In Japan and Europe, inflation pressures are still somewhat subdued but getting stronger. This means we are now in a global monetary policy tightening environment, with the US leading the way. That said, there are secular deflationary pressures that are lurking and making it difficult for central banks to normalise monetary policy as they would like.

Business expansions tend to reflect the severity of the downturn that preceded them. Since the 2008/9 downturn was very severe in terms of the impact on unemployment and confidence, it is possible that employment conditions can continue to improve for a little while longer. This would make the current expansion one of the longest on record. We do however believe that the world economy is now in expansion phase and thus nearing the end of the cycle.

LF SENECA DIVERSIFIED GROWTH FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Given that equity performance deteriorates during expansion phases, it is likely we will continue to reduce equities for a little while longer. Asia ex Japan tends to be driven more by structural than cyclical forces, and anyway is home to less efficient markets so naturally there are more investment opportunities. We are thus likely to remain decently positioned in this region. The mining funds, particularly the gold mining fund, present an opportunity to be exposed to a more defensive area.

As for safe haven bonds, we believe that current yields can only be justified by an extremely grim economic outlook, one that we do not think likely. We thus continue to maintain our underweight position in this area.

SENECA INVESTMENT MANAGERS LIMITED

Investment Manager

15 April 2019

LF SENECA DIVERSIFIED GROWTH FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

The Fund has been classed as 4 because its volatility has been measured as average.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

Currency Risk: As the Fund invests in overseas securities movements in exchange rates may, when not hedged, cause the value of your investment to increase or decrease.

Fixed interest securities are affected by trends in interest rates and inflation. If interest rates go up the value of capital may fall and vice versa. Inflation will also decrease the real value of capital. The value of a fixed interest security is also affected by its credit rating.

Liquidity Risk: Smaller companies' securities are often traded less frequently than those of larger companies which means they may be more difficult to buy and sell. Their prices may also be subject to short term swings.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, www.linkfundsolutions.co.uk, by following the link 'Fund Information'.

LF SENECA DIVERSIFIED GROWTH FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

Where the Fund has significant investment in collective investment schemes, the operating charges take account of the ongoing charges incurred in the underlying schemes, calculated as the expense value of such holdings at the year end weighted against the net asset value of the share class at that date.

'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.03.19 pence per share	31.03.18 pence per share	31.03.17 pence per share
Opening net asset value per share	263.70	252.05	214.08
Return before operating charges*	28.95	16.70	42.43
Operating charges	(5.04)	(5.05)	(4.46)
Return after operating charges	23.91	11.65	37.97
Distributions	(8.20)	(5.90)	(5.36)
Retained distributions on accumulation shares	8.20	5.90	5.36
Closing net asset value per share	287.61	263.70	252.05
* after direct transaction costs of:	0.36	0.18	0.36

PERFORMANCE

Return after charges	9.07%	4.62%	17.74%
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OTHER INFORMATION

Closing net asset value (£'000)	42,448	40,115	43,367
Closing number of shares	14,758,646	15,212,388	17,205,884
Operating charges	1.84%	1.89%	1.93%
Direct transaction costs	0.13%	0.07%	0.15%

PRICES

Highest share price	288.31	278.77	253.57
Lowest share price	263.65	248.43	207.65

LF SENECA DIVERSIFIED GROWTH FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'B' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.03.19 pence per share	31.03.18 pence per share	31.03.17 pence per share
Opening net asset value per share	158.39	150.41	126.95
Return before operating charges*	17.44	9.96	25.22
Operating charges	(1.96)	(1.98)	(1.76)
Return after operating charges	15.48	7.98	23.46
Distributions	(6.01)	(4.57)	(4.08)
Retained distributions on accumulation shares	6.01	4.57	4.08
Closing net asset value per share	173.87	158.39	150.41
* after direct transaction costs of:	0.22	0.11	0.22

PERFORMANCE

Return after charges	9.77%	5.31%	18.48%
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OTHER INFORMATION

Closing net asset value (£'000)	64,933	73,058	70,433
Closing number of shares	37,345,161	46,124,939	46,828,264
Operating charges	1.19%	1.24%	1.28%
Direct transaction costs	0.13%	0.07%	0.15%

PRICES

Highest share price	174.26	167.22	151.29
Lowest share price	158.37	148.17	123.33

LF SENECA DIVERSIFIED GROWTH FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'N' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.03.19 pence per share	31.03.18 pence per share	31.03.17 pence per share
Opening net asset value per share	155.94	148.45	125.59
Return before operating charges*	17.12	9.84	24.94
Operating charges	(2.34)	(2.35)	(2.08)
Return after operating charges	14.78	7.49	22.86
Distributions	(5.47)	(4.11)	(3.69)
Retained distributions on accumulation shares	5.47	4.11	3.69
Closing net asset value per share	170.72	155.94	148.45
* after direct transaction costs of:	0.22	0.10	0.21

PERFORMANCE

Return after charges	9.48%	5.05%	18.20%
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OTHER INFORMATION

Closing net asset value (£'000)	104	119	93
Closing number of shares	61,289	76,263	62,523
Operating charges	1.44%	1.49%	1.53%
Direct transaction costs	0.13%	0.07%	0.15%

PRICES

Highest share price	171.11	164.71	149.33
Lowest share price	155.91	146.27	121.93

LF SENECA DIVERSIFIED GROWTH FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'1' ACCUMULATION SHARES

	31.03.19 ¹ pence per share
CHANGE IN NET ASSETS PER SHARE	
Opening net asset value per share	100.00
Return before operating charges*	5.92
Operating charges	(0.62)
Return after operating charges	5.30
Distributions	(2.22)
Retained distributions on accumulation shares	2.22
Closing net asset value per share	105.30
* after direct transaction costs of:	0.09

PERFORMANCE

Return after charges	5.30%
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OTHER INFORMATION

Closing net asset value (£'000)	26,480
Closing number of shares	25,147,297
Operating charges	0.94% ²
Direct transaction costs	0.13%

PRICES

Highest share price	105.52
Lowest share price	96.58

¹ From 3 August 2018.

² Annualised figure due to share class launched less than 1 year.

LF SENECA DIVERSIFIED GROWTH FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 31 March 2019 (%)

	1 year	3 years	5 years
LF Seneca Diversified Growth Fund	9.55	35.88	44.46

The performance of the Fund is based on the published price per 'B' Accumulation share which includes reinvested income.

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to the above performance being calculated on the latest published price prior to the year end, rather than the year end return after operating charges.

Details of the distributions per share for the year are shown in the Distribution Table on pages 49 and 50.

RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

LF SENECA DIVERSIFIED GROWTH FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 31 March 2019

Holding	Portfolio of Investments	Value £'000	31.03.19 %
	FIXED INCOME INVESTMENTS – 12.29% (31.03.18 – 12.17%)		
	CORPORATE BONDS – 10.29% (31.03.18 – 9.94%)		
8,015,000	Royal London Short Duration Global High Yield Bond ¹	6,997	5.23
3,170,000	Royal London Sterling Extra Yield Bond ¹	3,366	2.51
3,750,000	TwentyFour Select Monthly Income ¹	3,420	2.55
		<u>13,783</u>	<u>10.29</u>
	EMERGING MARKET DEBT – 2.00% (31.03.18 – 2.23%)		
397,500	Templeton Emerging Markets Bond ¹	2,687	2.00
	TOTAL FIXED INCOME INVESTMENTS	<u>16,470</u>	<u>12.29</u>
	EQUITY & EQUITY RELATED – 51.03% (31.03.18 – 50.85%)		
	UNITED KINGDOM – 20.22% (31.03.18 – 16.85%)		
2,616,000	AJ Bell	8,397	6.27
552,500	Arrow Global	1,205	0.90
205,000	Babcock International	1,012	0.76
81,000	Bovis Homes	861	0.64
75,500	Britvic	718	0.54
470,000	BT	1,048	0.78
106,000	Clinigen ²	982	0.73
85,000	Dairy Crest	528	0.39
212,500	Essentra	877	0.65
342,500	Halfords	794	0.59
290,000	Kier	1,052	0.79
330,000	Legal & General	908	0.68
352,500	Marks & Spencer	983	0.73
1,295,000	Marston's	1,327	0.99
342,500	Morgan Advanced Materials	831	0.62
135,000	National Express	548	0.41
315,000	OneSavings Bank	1,208	0.90

LF SENECA DIVERSIFIED GROWTH FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 31 March 2019

Holding	Portfolio of Investments	Value £'000	31.03.19 %
102,000	Phoenix	691	0.52
192,000	Polypipe	771	0.58
42,500	RPC	336	0.25
405,000	Senior	882	0.66
70,500	Ultra Electronics	1,125	0.84
	TOTAL UNITED KINGDOM	<u>27,084</u>	<u>20.22</u>
	OVERSEAS – 28.84% (31.03.18 – 34.00%)		
	NORTH AMERICA – 0.00% (31.03.18 – 0.97%)	<u>–</u>	<u>–</u>
	CONTINENTAL EUROPE – 6.15% (31.03.18 – 8.78%)		
2,713,532	European Assets ¹	2,686	2.01
1,335,000	Invesco European Equity Income ¹	<u>5,552</u>	<u>4.14</u>
	TOTAL CONTINENTAL EUROPE	<u>8,238</u>	<u>6.15</u>
	JAPAN – 6.55% (31.03.18 – 7.63%)		
1,895,000	CC Japan Income & Growth ¹	2,653	1.98
308,750	Goodhart Partners Horizon Michinori Japan Equity ¹	<u>6,120</u>	<u>4.57</u>
	TOTAL JAPAN	<u>8,773</u>	<u>6.55</u>
	ASIA PACIFIC (EXCLUDING JAPAN) – 10.34% (31.03.18 – 10.36%)		
879,196	Pacific Assets Investment ¹	2,576	1.92
28,093	Prusik Asian Equity Income ¹	4,401	3.29
14,070	Samarang Asian Prosperity ¹	5,165	3.86
287,500	Stewart Investors Asia Pacific Sustainability ¹	<u>1,705</u>	<u>1.27</u>
	TOTAL ASIA PACIFIC (EXCLUDING JAPAN)	<u>13,847</u>	<u>10.34</u>
	EMERGING MARKETS – 4.35% (31.03.18 – 4.43%)		
597,500	Goodhart Partners HMG Global Emerging Markets Equity ¹	<u>5,830</u>	<u>4.35</u>

LF SENECA DIVERSIFIED GROWTH FUND
ACD'S REPORT *continued*
PORTFOLIO STATEMENT *continued*

as at 31 March 2019

Holding	Portfolio of Investments	Value £'000	31.03.19 %
	OTHER OVERSEAS – 3.42% (31.03.18 – 1.83%)		
532,500	BlackRock World Mining ¹	1,949	1.45
2,050,000	Investec Global Gold	2,639	1.97
	TOTAL OTHER OVERSEAS	<u>4,588</u>	<u>3.42</u>
	TOTAL OVERSEAS	<u>41,276</u>	<u>30.81</u>
	TOTAL EQUITY & EQUITY RELATED	<u>68,360</u>	<u>51.03</u>
	ALTERNATIVE INVESTMENTS – 25.97% (31.03.18 – 29.68%)		
	HEDGE FUNDS – 0.00% (31.03.18 – 0.00%)		
1,250,000	PSolve Alternatives PCC ^{1,3}	<u>–</u>	<u>–</u>
	PRIVATE EQUITY – 2.80% (31.03.18 – 5.53%)		
158,153	Aberdeen Private Equity ³	–	–
2,150,000	Merian Chrysalis	2,344	1.75
1,780,000	Woodford Patient Capital ^{1,7}	<u>1,410</u>	<u>1.05</u>
	TOTAL PRIVATE EQUITY	<u>3,754</u>	<u>2.80</u>
	PROPERTY – 6.21% (31.03.18 – 7.57%)		
1,900,000	AEW UK REIT	1,740	1.30
970,000	Assura	557	0.42
1,649,696	Ediston Property Investment	1,707	1.27
715,000	LondonMetric Property	1,428	1.07
1,010,000	Primary Health Properties	1,307	0.97
1,600,000	PRS REIT	1,578	1.18
18,750,000	Speymill Deutsche Immobilien ^{1,3}	<u>–</u>	<u>–</u>
		<u>8,317</u>	<u>6.21</u>
	OTHER ALTERNATIVE – 16.96% (31.03.18 – 16.58%)		
598,787	Blue Capital Alternative Income ^{1,4}	215	0.16
1,380,000	Doric Nimrod Air Two <i>preference shares</i>	2,525	1.89
605,000	Doric Nimrod Air Three <i>preference shares</i>	508	0.38
1,972,211	DP Aircraft I	1,514	1.13
4,070,000	Fair Oaks Income ¹	2,592	1.94

LF SENECA DIVERSIFIED GROWTH FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 31 March 2019

Holding	Portfolio of Investments	Value £'000	31.03.19 %
1,493,687	Funding Circle SME Income 'C' ¹	1,279	0.95
840,000	Greencoat UK Wind ¹	1,158	0.86
1,200,000	Hipgnosis Songs ¹	1,284	0.96
2,240,000	International Public Partnerships ¹	3,418	2.55
1,480,000	John Laing Environmental Assets ¹	1,635	1.22
4,864,287	Lehman Brothers Treasury 0% Perpetual ^{5,6}	–	–
2,080,000	RM Secured Direct Lending ¹	2,080	1.55
2,120,000	Sequoia Economic Infrastructure Income ¹	2,385	1.78
2,670,000	UK Mortgages ¹	2,123	1.59
		<u>22,716</u>	<u>16.96</u>
	TOTAL ALTERNATIVE INVESTMENTS	<u>34,787</u>	<u>25.97</u>
	CASH EQUIVALENT INVESTMENTS – 10.63% (31.03.18 – 6.45%)		
4,985,221	Invesco Sterling Liquidity Portfolio ¹	4,985	3.72
9,000,000	Royal London Cash Plus ¹	9,258	6.91
		<u>14,243</u>	<u>10.63</u>
	Portfolio of investments	133,860	99.92
	Net other assets	105	0.08
	Net assets	<u>133,965</u>	<u>100.00</u>

The investments have been valued in accordance with note 1(F) of the Accounting Policies and are ordinary shares listed on a regulated market unless stated otherwise.

AJ Bell has now been reclassified to United Kingdom from Private Equity as the stock is now listed on a regulated market.

¹ Collective investment scheme.

² Quoted on the Alternative Investment Market (AIM).

³ Delisted security.

⁴ Unlisted security.

⁵ Structured product.

⁶ Illiquid security.

⁷ Related party holding (see note 11).

LF SENECA DIVERSIFIED GROWTH FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 March 2019

Total purchases for the year £'000 (note 15)	28,379	Total sales for the year £'000 (note 15)	20,765
	Cost £'000		Proceeds £'000
Major purchases		Major sales	
Investec Global Gold	2,707	AJ Bell	4,091
Merian Chrysalis	2,150	Aberdeen Private Equity	1,727
Royal London Short Duration Global High Yield Bond	2,108	Pacific Assets Investment	1,385
Stewart Investors Asia Pacific Sustainability	1,676	Custodian REIT	1,274
Woodford Patient Capital	1,552	Invesco European Equity Income	1,267
Hipgnosis Songs	1,200	Heptagon Yacktman US Equity	1,177
Goodhart Partners HMG Global Emerging Markets Equity	855	Greencoat UK Wind	1,008
TwentyFour Select Monthly Income	832	Dairy Crest	925
UK Mortgages	788	RPC	828
Arrow Global	778	Diploma	727

In addition to above, purchases totalling £41,522,000 and sales totalling £34,633,000 were made in short term investments during the year.

The summary of material portfolio changes represents the 10 largest purchases and sales during the year.

LF SENECA DIVERSIFIED GROWTH FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN

for the year ended 31 March 2019

	Notes	£'000	31.03.19 £'000	£'000	31.03.18 £'000
Income:					
Net capital gains	3		6,865		2,762
Revenue	4	5,333		4,336	
Expenses	5	(1,230)		(1,264)	
Net revenue before taxation		4,103		3,072	
Taxation	6	(12)		(7)	
Net revenue after taxation			4,091		3,065
Total return before distributions			10,956		5,827
Distributions	7		(3,734)		(3,070)
Change in net assets attributable to shareholders from investment activities			7,222		2,757

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 31 March 2019

	Note	£'000	31.03.19 £'000	£'000	31.03.18 £'000
Opening net assets attributable to shareholders			113,292		113,893
Amounts receivable on issue of shares		16,341		6,216	
Amounts payable on redemption of shares		(6,761)		(12,621)	
			9,580		(6,405)
Change in net assets attributable to shareholders from investment activities			7,222		2,757
Retained distributions on Accumulation shares	7		3,871		3,047
Closing net assets attributable to shareholders			133,965		113,292

LF SENECA DIVERSIFIED GROWTH FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 31 March 2019

	Notes	31.03.19 £'000	31.03.18 £'000
ASSETS			
Fixed assets			
Investments		133,860	112,329
Current assets			
Debtors	8	2,163	432
Cash and bank balances	9	1,452	1,136
Total assets		<u>137,475</u>	<u>113,897</u>
LIABILITIES			
Creditors			
Other creditors	10	<u>(3,510)</u>	<u>(605)</u>
Total liabilities		<u>(3,510)</u>	<u>(605)</u>
Net assets attributable to shareholders		<u>133,965</u>	<u>113,292</u>

LF SENECA DIVERSIFIED GROWTH FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

1. Accounting Policies

The accounting policies described on pages 14 to 16 have been applied to the financial statements of the Fund in the current and prior year.

2. Distribution Policies

The distribution policies described on pages 16 and 17 have been applied to the financial statements of the Fund in the current and prior year.

3. Net Capital Gains

The net capital gains during the year comprise:

	31.03.19 £'000	31.03.18 £'000
Non-derivative securities	6,882	2,726
Transaction charges	(2)	(1)
AMC rebates from underlying investments	–	25
Currency (losses)/gains	(15)	12
Net capital gains	<u>6,865</u>	<u>2,762</u>

4. Revenue

	31.03.19 £'000	31.03.18 £'000
Non-taxable dividends	3,350	3,029
Taxable dividends	1,542	591
UK property income distributions	355	244
Interest distributions on CIS holdings	39	460
AMC rebates from underlying investments	44	12
Bank interest	3	–
Total revenue	<u>5,333</u>	<u>4,336</u>

LF SENECA DIVERSIFIED GROWTH FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2019

5. Expenses

	31.03.19 £'000	31.03.18 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	1,120	1,158
Legal and professional fees	9	8
Typesetting costs	4	3
Registration fees	36	35
	1,169	1,204
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	40	40
Safe custody and other bank charges	7	7
	47	47
Other expenses:		
Audit fees	9	9
Publication costs	5	4
	14	13
Total expenses	1,230	1,264

The Investment Manager's fees and expenses (plus VAT thereon) for providing investment management services are paid by the ACD out of its remuneration.

6. Taxation

	31.03.19 £'000	31.03.18 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	12	7
Current tax charge	12	7
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	12	7

LF SENECA DIVERSIFIED GROWTH FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2019

b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.03.18: 20%). The difference is explained below:

	31.03.19 £'000	31.03.18 £'000
Net revenue before taxation	4,103	3,072
Corporation tax at 20%	821	614
Effects of:		
Non-taxable dividends	(670)	(606)
Foreign tax expensed	(3)	–
AMC rebates taken to capital	–	5
Utilisation of excess management expenses	(148)	(13)
Corporation tax charge	–	–
Overseas tax	12	7
Total tax charge (note 6a)	12	7

c) Deferred tax

At the year end there is a potential deferred tax asset of £2,235,000 (31.03.18: £2,383,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

7. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on redemption of shares, and comprise:

	31.03.19 £'000	31.03.18 £'000
Interim	1,813	1,577
Final	2,058	1,470
	3,871	3,047
Add: Revenue deducted on redemption of shares	61	76
Deduct: Revenue received on issue of shares	(198)	(53)
Net distributions for the year	3,734	3,070

LF SENECA DIVERSIFIED GROWTH FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2019

Details of the distributions per share are set out in the table on pages 49 and 50.

	31.03.19 £'000	31.03.18 £'000
Distributions represented by:		
Net revenue after taxation	4,091	3,065
Allocations to capital:		
Tax relief on AMC rebates from underlying investments	–	5
Equalisation on conversions ¹	(357)	–
Net distributions for the year	<u>3,734</u>	<u>3,070</u>

¹ Where an investor converts to a class with a higher income yield, the investor will receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

8. Debtors

	31.03.19 £'000	31.03.18 £'000
Amounts receivable for issue of shares	1,524	159
Sales awaiting settlement	423	62
Accrued revenue:		
Non-taxable dividends	179	192
AMC rebates from underlying investments	23	14
	202	206
Prepaid expenses	5	4
Taxation recoverable:		
Overseas withholding tax	9	1
Total debtors	<u>2,163</u>	<u>432</u>

LF SENECA DIVERSIFIED GROWTH FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2019

9. Cash and Bank Balances

	31.03.19 £'000	31.03.18 £'000
Bank balances	1,452	1,136
Total cash and bank balances	1,452	1,136

10. Other Creditors

	31.03.19 £'000	31.03.18 £'000
Amounts payable for redemption of shares	–	85
Purchases awaiting settlement	3,383	404
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	101	96
Legal and professional fees	1	1
Typesetting costs	2	2
Registration fees	6	3
	110	102
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	7	3
Safe custody and other bank charges	1	2
	8	5
Other expenses	9	9
Total other creditors	3,510	605

LF SENECA DIVERSIFIED GROWTH FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2019

11. Related Party Transactions

Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 10.

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 36 and amounts due at the year end are disclosed in note 8.

As part of the investment strategy, the Fund may from time to time hold shares in other collective investment schemes for which Link Fund Solutions Limited is also the AIFM in common. At the balance sheet date the value of holdings was as follows:

	31.03.19 £'000	31.03.18 £'000
AIFM in common	1,410	–

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 1,680,226 (31.03.18: 1,753,675) of the Fund's shares at the balance sheet date.

A shareholder may be able to exercise significant influence over the financial and operating policies of the Fund and as such is deemed to be a related party. At the balance sheet date the following shareholder held in excess of 20% of the shares in issue of the Fund:

Ifor Williams Trailers Ltd Retirement Benefits Plan	32.53% (31.03.18: 33.02%)
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12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.03.18: none).

LF SENECA DIVERSIFIED GROWTH FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2019

13. Shares in Issue

	‘A’ Accumulation	‘B’ Accumulation	‘N’ Accumulation	‘I’ Accumulation
Annual Management Charge	1.40%	0.75%	1.00%	0.50%
Opening shares in issue	15,212,388	46,124,939	76,263	–
Issues	822,176	8,476,348	–	250
Redemptions	(1,185,864)	(2,176,560)	(14,974)	–
Conversions	(90,054)	(15,079,566)	–	25,147,047
Closing shares in issue	<u>14,758,646</u>	<u>37,345,161</u>	<u>61,289</u>	<u>25,147,297</u>

14. Risk Management Policies

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for Efficient Portfolio Management (including hedging) purposes.

The main risks from the Fund’s holding of financial instruments, together with the ACD’s policy for managing these risks, are set out below:

The ACD has in place a Risk Management Policy and Procedures Document (‘RMPPD’) that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the Fund. The ACD requires that the appointed Investment Manager to the Fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

(A) CREDIT RISK

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty’s credit quality.

LF SENECA DIVERSIFIED GROWTH FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2019

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

(B) INTEREST RATE RISK

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Investment in collective investment schemes exposes the Fund to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of interest rate risk posed by the Fund's underlying investments on a regular basis. The Fund may also indirectly be exposed to interest rate risk through its investment in collective investment schemes. As the Fund has no significant direct exposure to interest rate risk, no sensitivity analysis has been presented.

The table below shows the direct interest rate risk profile:

	31.03.19 £'000	31.03.18 £'000
Floating rate investments	30,713	21,101
Investments on which interest is not paid	<u>103,147</u>	<u>91,228</u>
Total investments	<u>133,860</u>	<u>112,329</u>

The floating rate investments comprise collective investment schemes that pay UK interest distributions.

Investments on which interest is not paid include equities and collective investment schemes.

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

LF SENECA DIVERSIFIED GROWTH FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2019

Where the Fund invests in non-sterling assets, the Investment Manager allows for the foreign currency risk when considering whether to invest and does not seek to hedge this risk.

The table below shows the direct foreign currency risk profile:

	31.03.19 £'000	31.03.18 £'000
Currency:		
Euros	8	–
US dollars	8,722	7,985
	<u>8,730</u>	<u>7,985</u>
Pounds sterling	125,235	105,307
Net assets	<u>133,965</u>	<u>113,292</u>

A 5% change in the pounds sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £437,000 on the net assets of the Fund (31.03.18: £399,000).

(D) LEVERAGE

The Fund did not employ any significant leverage in the current or prior year.

(E) LIQUIDITY RISK

The main liability of the Fund is the redemption of any shares that investors want to sell. Investments may have to be sold to fund such redemptions should insufficient cash be held at the bank to meet this obligation.

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Fund's assets consist of cash and readily realisable investments.

All financial liabilities are payable in one year or less, or on demand.

(F) MARKET PRICE RISK

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

LF SENECA DIVERSIFIED GROWTH FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2019

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £6,693,000 (31.03.18: £5,616,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

The Fund held no derivatives in the current or prior year.

15. Portfolio Transaction Costs

31.03.19	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	12,483	7	32	12,522
Collective investment schemes	15,842	4	11	15,857
Purchases total	<u>28,325</u>	<u>11</u>	<u>43</u>	<u>28,379</u>
<i>Transaction cost % of purchases total</i>		<i>0.04%</i>	<i>0.15%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.01%</i>	<i>0.03%</i>	
Ordinary shares	12,427	(81)	(21)	12,325
Collective investment schemes	8,443	(3)	–	8,440
Sales total	<u>20,870</u>	<u>(84)</u>	<u>(21)</u>	<u>20,765</u>
<i>Transaction cost % of sales total</i>		<i>0.40%</i>	<i>0.10%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.07%</i>	<i>0.02%</i>	

Average portfolio dealing spread at 31.03.19 is 0.52% (31.03.18: 0.49%).

LF SENECA DIVERSIFIED GROWTH FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2019

31.03.18	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	9,373	6	22	9,401
Collective investment schemes	14,926	4	1	14,931
Purchases total	<u>24,299</u>	<u>10</u>	<u>23</u>	<u>24,332</u>
<i>Transaction cost % of purchases total</i>		<i>0.04%</i>	<i>0.09%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.01%</i>	<i>0.02%</i>	
Ordinary shares	14,741	(18)	–	14,723
Collective investment schemes	14,479	(26)	–	14,453
Sales total	<u>29,220</u>	<u>(44)</u>	<u>–</u>	<u>29,176</u>
<i>Transaction cost % of sales total</i>		<i>0.15%</i>	<i>–</i>	
<i>Transaction cost % of average NAV</i>		<i>0.04%</i>	<i>–</i>	

16. Fair Value Hierarchy

Investments are categorised into the following levels based on their fair value measurement:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1;

Level 3: Valuation techniques using unobservable inputs.

31.03.19	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	<u>60,473</u>	<u>73,172</u>	<u>215</u>	<u>133,860</u>
31.03.18	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	<u>48,082</u>	<u>59,724</u>	<u>4,523</u>	<u>112,329</u>

As at 31.03.19, AJ Bell has been categorised as Level 1 as it is now a listed investment. As at 31.03.18, AJ Bell was an unlisted investment and was categorised as Level 3.

LF SENECA DIVERSIFIED GROWTH FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 31 March 2019 – in pence per share

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

Group 2	Interim	Final
From	01.04.18	01.10.18
To	30.09.18	31.03.19

'A' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 30.11.18	Allocated 30.11.17
Group 1	4.3701	–	4.3701	3.0416
Group 2	2.2629	2.1072	4.3701	3.0416

Final	Net Revenue	Equalisation	Allocation 31.05.19	Allocated 31.05.18
Group 1	3.8308	–	3.8308	2.8564
Group 2	0.5478	3.2830	3.8308	2.8564

'B' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 30.11.18	Allocated 30.11.17
Group 1	3.1643	–	3.1643	2.3279
Group 2	1.6239	1.5404	3.1643	2.3279

Final	Net Revenue	Equalisation	Allocation 31.05.19	Allocated 31.05.18
Group 1	2.8471	–	2.8471	2.2412
Group 2	0.5994	2.2477	2.8471	2.2412

LF SENECA DIVERSIFIED GROWTH FUND
FINANCIAL STATEMENTS *continued*
DISTRIBUTION TABLE *continued*

'N' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 30.11.18	Allocated 30.11.17
Group 1	2.9073	–	2.9073	2.1031
Group 2	2.9073	0.0000	2.9073	2.1031
Final	Net Revenue	Equalisation	Allocation 31.05.19	Allocated 31.05.18
Group 1	2.5592	–	2.5592	2.0065
Group 2	2.5592	0.0000	2.5592	2.0065

'I' ACCUMULATION SHARES¹

Interim	Net Revenue	Equalisation	Allocated 30.11.18
Group 1	0.5200	–	0.5200
Group 2	0.5200	0.0000	0.5200
Final	Net Revenue	Equalisation	Allocation 31.05.19
Group 1	1.6997	–	1.6997
Group 2	1.6997	0.0000	1.6997

¹ 'I' Accumulation shares launched on 3 August 2018.

LF SENECA DIVERSIFIED INCOME FUND ACD'S REPORT

for the year ended 31 March 2019

Important Information

Refer to the 'Important Information' section on page 4.

Investment Objective and Policy

The investment objective of LF Seneca Diversified Income Fund ('the Fund') is to provide a high level of growing income by investing in a balanced and well diversified portfolio of UK and International equities, fixed interest securities including government and corporate bonds. Investments will also be made in regulated collective investment schemes, money markets and cash deposits to provide further diversification to the Fund in accordance with applicable regulations.

LINK FUND SOLUTIONS LIMITED

ACD of LF Seneca Diversified Income Fund

23 May 2019

LF SENECA DIVERSIFIED INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 31 March 2019

Investment Approach

Seneca Investment Managers is a fund management company specialising in multi-asset investing. This form of investing combines traditional securities, such as equities and bonds, with non-traditional approaches, such as alternative investments* to deliver specific outcomes.

Our investment approach differs in that we make decisions using a value investing ethos. We believe this approach makes it easier to achieve investor objectives and offers the prospect of superior long term returns and avoidance of permanent loss of capital.

The bible of value investing is Security Analysis, written by Benjamin Graham and David Dodd in 1934. They set out a framework for assessing the intrinsic value of stocks, then proposed that investors should only buy stocks below their intrinsic value.

At Seneca we use these principles to assess different asset classes, select stocks and when picking third party funds, to choose managers who employ value investing techniques. Our value investing approach means that our funds are actively managed and different, both from common benchmarks and from the competition.

Successful active management involves finding patterns in financial assets and taking advantage of them. Performing well for our investors is about finding value in multi-asset investing and making better decisions than other investors.

** Property, private equity, specialist financial and infrastructure.*

LF SENECA DIVERSIFIED INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Asset Allocation

Fund Structure as at 31 March 2019

There have been no changes to the strategic asset allocation for the Fund over the period. The strategic asset allocation is consistent with the Fund's investment objectives over the long term. It is, as such, likely to change infrequently, though subject to review every 12 months.

ASSET CLASS	Fund %	Strategic Asset Allocation %
Equities	34.0	40.0
UK	19.9	22.5
North America	0.0	2.5
Europe ex UK	3.4	5.0
Japan	0.7	2.0
Asia Pacific (exc. Japan)	5.6	5.5
Emerging Markets	1.1	2.5
Global/Other	3.3	0.0
Fixed Income	33.1	35.0
Specialist Assets	26.7	25.0
Other	0.0	0.0
Cash/Managed Liquidity/Gold	6.2	0.0
Total	100.0	100.0

Source: Seneca Investment Managers

Figures may not sum due to rounding.

During the period, equity exposure was reduced very slightly from 34.2% to 34.0%. Gradual reductions in equity exposure relating to the maturing of the business cycle were counterbalanced by the reclassification of AJ Bell (from private equity to UK equities) as well as the introduction towards the end of the year of a gold miners fund that should be considered more of a safe haven position rather than broad equity exposure.

Excluding AJ Bell and the gold miners fund, the reduction in equity exposure meant that the Fund moved from being moderately underweight (in relation to strategic asset allocation) to being more noticeably underweight. UK equities as well as equities elsewhere generally fell during the period as fears of tighter monetary policy in the US led to sharp sell offs in October and December.

LF SENECA DIVERSIFIED INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

In relation to total equity exposure, we are now most overweight in Asia ex Japan and global thematic funds. The former is interesting both in relation to its good long-term structural growth prospects as well as opportunities in relation to more inefficient markets. The global thematic funds exposure pertains to two mining funds, one a general mining fund and one specialising in gold mining. The latter was added towards the end of the reporting period and reflects the view that as and when the current cycle draws to an end, more stimulative monetary policies will be required.

The Fund remains underweight fixed income, though less so than at the beginning of the reporting period. This reflects the view that developed economy government bond yields offer little in the way of value at current low yields. However, reasonable yields can still be found in specific areas of the credit market, such as short duration high yield bonds and emerging market debt. The Fund is invested in both of these areas.

Specialist assets continue to offer attractive income yields backed by real assets, such as aircraft leasing, renewable energy and targeted areas of the property market.

Portfolio Activity

UK Equities

The weighting to UK equities increased modestly over the year. The successful listing of **AJ Bell Holdings** in December meant that the position had to be reallocated from Private Equity within Specialist Assets to UK Equities. This reclassification more than offset several exits and reductions to some of the other UK equity holdings.

AJ Bell Holdings listed on 7th December and the price has subsequently doubled. We sold a portion of the Fund's holding into the IPO but retained a large position. The Fund is in a lock-up period on the balance of the holding until early June.

A new investment was made in **Clinigen**, following a material de-rating in the shares that we felt was unjustified. The company is a unique investment in the UK equity market. Clinigen is a pharmaceutical and services company focussed on delivering the right drug to the right patient at the right time through its global network of businesses that provide niche services at each stage of a drug's lifecycle. We feel the share price materially undervalues the company's material growth prospects.

Two of the holdings received takeover approaches, demonstrating the value that exists within the UK equity portfolio. The Board of **RPC** recommended a final cash offer by Apollo. The offer was at a 24% premium to the shares' recent lows, however, we felt it ultimately undervalued the business. A subsequent offer was tabled by Berry Global, but frustratingly only at a 1% premium to the offer that was tabled by Apollo. RPC was consequently exited.

The Board of **Dairy Crest** recommended an all cash offer by Canadian based Saputo which was at a 34% premium to the 90-day volume weighted average price of the shares. The holding was subsequently reduced significantly.

LF SENECA DIVERSIFIED INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Victrex was exited on valuation grounds. Victrex is a high quality business with strong growth prospects and a robust balance sheet. The shares had re-rated considerably, however, to the extent that growth above and beyond past experience was needed to justify the prevailing valuation. The shares had returned 93% since first investing in January 2016.

The **Insight UK Equity Income Booster** was also exited. Part of the reduction was to accommodate moving AJ Bell Holdings from Private Equity within Specialist Assets to UK Equities. The position was also exited because a sufficiently high level of income is now being generated from other asset classes, such as Fixed Income in which extra capital was invested during the year.

Lastly, we participated in the equity raise by **Kier Group**. Clients in the industry are increasingly focussing on contractor balance sheets, thus the equity raise should help Kier in winning future work. Full year guidance was left unchanged.

Overseas Equities

A decrease in the asset allocation weight to Europe ex UK resulted in us reducing the holdings in the **Invesco Perpetual European Equity Income Fund** and **European Assets Trust**.

A new investment to the **Asia Pacific ex Japan** allocation was made over the quarter, with the introduction of the **CIM Dividend Income Fund**. The strategy, led by James Morton, invests in small and mid-cap Asian equities trading at deep discounts to intrinsic value. The portfolio is a collection of understandable businesses that have fallen out of favour with the market. Importantly for our approach at Seneca, CIM share with us the concept that dividend yield is a signpost of value. With a focus on balance sheet strength and cash flow analysis to determine the ability of a company to pay dividends and reinvest in the business, the team at CIM have been able to assemble an attractively valued portfolio in good quality businesses. To fund the investment in CIM, we exited the holding in the Schroder Asian Income Maximiser Fund and reduced the Aberdeen Asian Income Fund.

Elsewhere we added to our investment in the **HMG Global Emerging Markets Bond Fund**. The fund, run by Marc Girault, invests in emerging market listed subsidiaries of developed market multinational businesses. Over the year, the value within the portfolio has started to become appreciated by the market, with around 10% of the holdings being taken over. To fund the additional investment, we exited the last part of the holding in the Somerset Emerging Markets Dividend Growth Fund.

At the end of March we introduced the **Investec Global Gold Fund** to the Overseas Equities allocation. Gold mining equities provide a "leveraged" exposure to the gold price, which we anticipate will start to regain more of its shine, as central banks continue to pursue extraordinary monetary policies. To fund this purchase, we reduced our holding in the more broadly mandated **BlackRock World Mining Trust**.

LF SENECA DIVERSIFIED INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Fixed Income

As we continue to reduce equity exposure as the business and market cycles mature, we have added to our fixed income investments, particularly in the **Royal London Short Duration Global High Yield Bond Fund** and **Muzinich Short Duration High Yield Fund**. The funds provide a relatively attractive underlying yield, delivered through investments in short duration high yield bonds, affording us some protection against rising interest rates. Additions were also made to the **Royal London Sterling Extra Yield Bond Fund** and **TwentyFour funds**.

Following a more volatile period across the emerging market debt market, we added to the **Templeton Emerging Markets Bond Fund**. The fund is a highly contrarian investor in emerging market sovereign debt, seeking to invest in attractive currency and duration risk reward opportunities.

Finally, we introduced the **Royal London Cash Plus Fund** to the portfolio. The strategy aims to provide an income in excess of those which can be obtained from money market rates but protection of capital is paramount to the approach. Outside of the fund's core positions in certificates of deposit and floating rate notes with high quality banks, the largest allocations are made to covered bonds and short dated investment grade debt. This we feel provides some slightly more attractive returns to our growing cash weighting.

Specialist Assets

As the year progressed and property valuations continued to advance we decided to exit the holding of **Custodian REIT** which had been re-rated to a large premium to NAV. Meanwhile our holdings in **AEW UK REIT** and **Ediston Property Investment Company** had not enjoyed the same share price strength despite having similar attributes, we therefore recycled some of the capital into them both.

Towards the end of March 2019 the completed merger of **Primary Health Properties ('PHP')** with **MedicX** resulted in a strong revaluation of PHP which moved us to reduce the size of the position. However, as we continue to like the property sub-sector of GP surgery and health centres, we have reintroduced **Assura plc** into the portfolio, as that has not been re-rated to the same degree despite having very similar characteristics.

In private equity, the portfolio saw the completion of the bid for **Aberdeen Private Equity Fund**. While the bid was announced in December 2017, it did not complete until April 2018 at which point the capital left the portfolio.

The portfolio benefitted substantially by the listing of **A J Bell Holdings Ltd** (now **AJ Bell plc**), its largest private equity investment. Half of the portfolio's holding was sold into the IPO at a material uplift from the previous carrying value. The remaining holding is now held within UK Equity, with the shares building further since its listing price of 160p.

In order to replace **A J Bell** in private equity and to continue our policy of supporting entrepreneurial owner managers of private companies, we have reinvested capital into **Merian Chrysalis** and **Woodford Patient Capital**.

LF SENECA DIVERSIFIED INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Both of these private equity trusts are targeting predominantly UK private companies that are either disruptors in their sector or creating a new product or service. Private companies are electing to stay private for longer and therefore capture and retain control of returns for longer. This is where **Merian Chrysalis** is seeking to profit, as it provides capital to companies to enable them to pursue their growth plans while still in the private arena. **Woodford Patient Capital Trust** operates more towards early stage companies who are further away from a listing, but need long term capital to pursue their plans. We invested as the trust has been trading at a discount to Net Asset Value of around 15% and there are signs that the portfolio companies are making good progress on their business plans which has not been matched by the trust's share price performance.

Outlook

Business cycles in the US and the UK appear well advanced, with unemployment now at very low levels and wages showing signs of accelerating. In Japan and Europe, inflation pressures are still somewhat subdued but getting stronger. This means we are now in a global monetary policy tightening environment, with the US leading the way. That said, there are secular deflationary pressures that are lurking and making it difficult for central banks to normalise monetary policy as they would like.

Business expansions tend to reflect the severity of the downturn that preceded them. Since the 2008/9 downturn was very severe in terms of the impact on unemployment and confidence, it is possible that employment conditions can continue to improve for a little while longer. This would make the current expansion one of the longest on record. We do however believe that the world economy is now in expansion phase and thus nearing the end of the cycle.

Given that equity performance deteriorates during expansion phases, it is likely we will continue to reduce equities for a little while longer. Asia ex Japan tends to be driven more by structural than cyclical forces, and anyway is home to less efficient markets so naturally there are more investment opportunities. We are thus likely to remain decently positioned in this region. The mining funds, particularly the gold mining fund, present an opportunity to be exposed to a more defensive area.

As for safe haven bonds, we believe that current yields can only be justified by an extremely grim economic outlook, one that we do not think likely. We thus continue to maintain our underweight position in this area.

SENECA INVESTMENT MANAGERS LIMITED

Investment Manager

15 April 2019

LF SENECA DIVERSIFIED INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

The Fund has been classed as 4 because its volatility has been measured as average.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

Currency Risk: As the Fund invests in overseas securities movements in exchange rates may, when not hedged, cause the value of your investment to increase or decrease.

Fixed interest securities are affected by trends in interest rates and inflation. If interest rates go up the value of capital may fall and vice versa. Inflation will also decrease the real value of capital. The value of a fixed interest security is also affected by its credit rating.

Liquidity Risk: Smaller companies' securities are often traded less frequently than those of larger companies which means they may be more difficult to buy and sell. Their prices may also be subject to short term swings.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, www.linkfundsolutions.co.uk, by following the link 'Fund Information'.

LF SENECA DIVERSIFIED INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

Where the Fund has significant investment in collective investment schemes, the operating charges take account of the ongoing charges incurred in the underlying schemes, calculated as the expense value of such holdings at the year end weighted against the net asset value of the share class at that date.

'A' INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.03.19 pence per share	31.03.18 pence per share	31.03.17 pence per share
Opening net asset value per share	91.34	93.67	86.25
Return before operating charges*	8.00	4.01	13.63
Operating charges	(1.67)	(1.73)	(1.66)
Return after operating charges	6.33	2.28	11.97
Distributions	(4.60)	(4.61)	(4.55)
Closing net asset value per share	93.07	91.34	93.67
* after direct transaction costs of:	0.14	0.08	0.14

PERFORMANCE

Return after charges	6.93%	2.43%	13.88%
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OTHER INFORMATION

Closing net asset value (£'000)	34,100	33,819	36,581
Closing number of shares	36,640,607	37,023,160	39,053,271
Operating charges	1.82%	1.81%	1.85%
Direct transaction costs	0.15%	0.09%	0.16%

PRICES

Highest share price	93.98	97.03	94.17
Lowest share price	88.26	91.69	82.91

LF SENECA DIVERSIFIED INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'B' INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.03.19 pence per share	31.03.18 pence per share	31.03.17 pence per share
Opening net asset value per share	109.70	111.91	102.50
Return before operating charges*	9.49	4.64	16.11
Operating charges	(1.29)	(1.33)	(1.28)
Return after operating charges	8.20	3.31	14.83
Distributions	(5.54)	(5.52)	(5.42)
Closing net asset value per share	112.36	109.70	111.91
* after direct transaction costs of:	0.17	0.10	0.17

PERFORMANCE

Return after charges	7.47%	2.96%	14.47%
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OTHER INFORMATION

Closing net asset value (£'000)	94,723	74,639	64,436
Closing number of shares	84,304,194	68,037,780	57,577,447
Operating charges	1.17%	1.16%	1.20%
Direct transaction costs	0.15%	0.09%	0.16%

PRICES

Highest share price	113.44	116.27	112.49
Lowest share price	106.38	110.11	98.67

LF SENECA DIVERSIFIED INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'N' INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.03.19 pence per share	31.03.18 pence per share	31.03.17 pence per share
Opening net asset value per share	108.13	110.53	101.44
Return before operating charges*	9.41	4.63	15.98
Operating charges	(1.55)	(1.59)	(1.53)
Return after operating charges	7.86	3.04	14.45
Distributions	(5.46)	(5.44)	(5.36)
Closing net asset value per share	110.53	108.13	110.53
* after direct transaction costs of:	0.17	0.10	0.17

PERFORMANCE

Return after charges	7.27%	2.75%	14.24%
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OTHER INFORMATION

Closing net asset value (£'000)	543	385	273
Closing number of shares	491,326	356,212	246,671
Operating charges	1.42%	1.41%	1.45%
Direct transaction costs	0.15%	0.09%	0.16%

PRICES

Highest share price	111.60	114.71	111.11
Lowest share price	104.71	108.54	97.60

LF SENECA DIVERSIFIED INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'I' INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.03.19 ¹ pence per share
Opening net asset value per share	100.00
Return before operating charges*	5.03
Operating charges	(0.60)
Return after operating charges	4.43
Distributions	(2.94)
Closing net asset value per share	101.49
* after direct transaction costs of:	0.10

PERFORMANCE

Return after charges	4.43%
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OTHER INFORMATION

Closing net asset value (£'000)	5,243
Closing number of shares	5,166,347
Operating charges	0.92% ²
Direct transaction costs	0.15%

PRICES

Highest share price	102.46
Lowest share price	96.02

¹ From 3 August 2018.

² Annualised figure due to share class launched less than 1 year.

LF SENECA DIVERSIFIED INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 31 March 2019 (%)

	1 year	3 years	5 years
LF Seneca Diversified Income Fund	7.51	26.32	37.72

The performance of the Fund is based on the published price per 'B' Income share which includes reinvested income.

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to the above performance being calculated on the latest published price prior to the year end, rather than the year end return after operating charges.

Details of the distributions per share for the year are shown in the Distribution Table on pages 83 to 89.

RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

LF SENECA DIVERSIFIED INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 31 March 2019

Holding	Portfolio of Investments	Value £'000	31.03.19 %
	FIXED INCOME INVESTMENTS – 33.17% (31.03.18 – 31.99%)		
	CORPORATE BONDS – 28.30% (31.03.18 – 27.07%)		
30,000	MI TwentyFour Dynamic Bond ¹	3,248	2.41
120,000	Muzinich Short Duration High Yield ¹	10,061	7.47
13,300,000	Royal London Short Duration Global High Yield Bond ¹	11,611	8.63
7,600,000	Royal London Sterling Extra Yield Bond ¹	8,070	6.00
5,600,000	TwentyFour Select Monthly Income ¹	5,107	3.79
		<u>38,097</u>	<u>28.30</u>
	EMERGING MARKET DEBT – 4.87% (31.03.18 – 4.92%)		
970,000	Templeton Emerging Markets Bond ¹	6,557	4.87
	TOTAL FIXED INCOME INVESTMENTS	<u>44,654</u>	<u>33.17</u>
	EQUITY & EQUITY RELATED – 34.10% (31.03.18 – 34.18%)		
	UNITED KINGDOM – 20.01% (31.03.18 – 19.34%)		
2,400,000	AJ Bell	7,704	5.72
290,000	Arrow Global	632	0.47
225,000	Babcock International	1,110	0.82
77,250	Bovis Homes	821	0.61
69,000	Britvic	657	0.49
560,000	BT	1,248	0.93
82,804	Clinigen ²	767	0.57
82,500	Dairy Crest	512	0.38
218,500	Essentra	902	0.67
290,000	Halfords	672	0.50
335,000	Kier	1,215	0.90
420,000	Legal & General	1,156	0.86
427,500	Marks & Spencer	1,192	0.89
1,860,000	Marston's	1,907	1.42
300,000	Morgan Advanced Materials	728	0.54
132,500	National Express	538	0.40

LF SENECA DIVERSIFIED INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 31 March 2019

Holding	Portfolio of Investments	Value £'000	31.03.19 %
260,000	OneSavings Bank	997	0.74
242,500	Phoenix	1,643	1.22
180,000	Polypipe	723	0.54
360,000	Senior	784	0.58
64,500	Ultra Electronics	1,029	0.76
	TOTAL UNITED KINGDOM	26,937	20.01
	OVERSEAS – 14.09% (31.03.18 – 14.84%)		
	CONTINENTAL EUROPE – 3.38% (31.03.18 – 5.52%)		
1,033,601	European Assets ¹	1,023	0.76
360,000	Invesco European Equity Income ¹	1,231	0.91
2,025,000	Liontrust European Enhanced Income ¹	2,296	1.71
	TOTAL CONTINENTAL EUROPE	4,550	3.38
	JAPAN – 0.73% (31.03.18 – 0.95%)		
700,000	CC Japan Income & Growth ¹	980	0.73
	ASIA PACIFIC (EXCLUDING JAPAN) – 5.59% (31.03.18 – 5.01%)		
270,705	Aberdeen Asian Income ¹	563	0.42
440,000	CIM Dividend Income ¹	4,368	3.24
16,583	Prusik Asian Equity Income ¹	2,598	1.93
	TOTAL ASIA PACIFIC (EXCLUDING JAPAN)	7,529	5.59
	EMERGING MARKETS – 1.07% (31.03.18 – 1.41%)		
148,000	Goodhart Partners HMG Global Emerging Markets Equity ¹	1,444	1.07
	OTHER OVERSEAS – 3.32% (31.03.18 – 1.95%)		
480,000	BlackRock World Mining ¹	1,757	1.31
2,100,000	Investec Global Gold ¹	2,704	2.01
	TOTAL OTHER OVERSEAS	4,461	3.32
	TOTAL OVERSEAS	18,964	14.09
	TOTAL EQUITY & EQUITY RELATED	45,901	34.10

LF SENECA DIVERSIFIED INCOME FUND
ACD'S REPORT *continued*
PORTFOLIO STATEMENT *continued*

as at 31 March 2019

Holding	Portfolio of Investments	Value £'000	31.03.19 %
	ALTERNATIVE INVESTMENTS – 26.53% (31.03.18 – 29.49%)		
	HEDGE FUNDS – 0.00% (31.03.18 – 0.00%)		
5,900,000	PSource Structured Debt ^{1,3}	–	–
	PRIVATE EQUITY – 2.55% (31.03.18 – 4.69%)		
87,171	Aberdeen Private Equity ³	–	–
802,666	International Oil & Gas Technology ^{1,3}	–	–
1,862,500	Merian Chrysalis	2,030	1.51
1,770,000	Woodford Patient Capital ^{1,6}	1,402	1.04
		<u>3,432</u>	<u>2.55</u>
	PROPERTY – 6.53% (31.03.18 – 7.46%)		
1,950,000	AEW UK REIT	1,786	1.33
1,050,000	Assura	603	0.45
1,758,245	Ediston Property Investment	1,820	1.35
725,000	LondonMetric Property	1,448	1.08
1,040,000	Primary Health Properties	1,346	1.00
1,800,000	PRS REIT	1,775	1.32
14,000,000	Speymill Deutsche Immobilien ^{1,3}	–	–
		<u>8,778</u>	<u>6.53</u>
	OTHER ALTERNATIVE – 17.45% (31.03.18 – 17.34%)		
4,350,000	Barclays S.I.M.P.L.E Notes linked to the Assured Fund Tracking Index due 12/2/2018 ^{4,5}	513	0.38
681,971	Blue Capital Alternative Income ^{1,4}	245	0.18
1,370,000	Doric Nimrod Air Two <i>preference shares</i>	2,507	1.86
450,000	Doric Nimrod Air Three <i>preference shares</i>	378	0.28
2,003,883	DP Aircraft I	1,538	1.14
4,045,000	Fair Oaks Income ¹	2,577	1.92
1,209,036	Funding Circle SME Income 'C' ¹	1,035	0.77
915,101	Greencoat UK Wind ¹	1,261	0.94
1,370,000	Hipgnosis Songs ¹	1,466	1.09
2,445,000	International Public Partnership ¹	3,731	2.77

LF SENECA DIVERSIFIED INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 31 March 2019

Holding	Portfolio of Investments	Value £'000	31.03.19 %
1,650,000	John Laing Environmental Assets ¹	1,823	1.35
2,100,000	RM Secured Direct Lending ¹	2,100	1.56
2,058,978	Sequoia Economic Infrastructure Income ¹	2,316	1.72
2,515,000	UK Mortgages ¹	1,999	1.49
		23,489	17.45
	TOTAL ALTERNATIVE INVESTMENTS	35,699	26.53
	CASH EQUIVALENT INVESTMENTS – 7.51% (31.03.18 – 3.73%)		
6,532,195	Invesco Sterling Liquidity Portfolio ¹	6,532	4.85
3,574,000	Royal London Cash Plus ¹	3,581	2.66
		10,113	7.51
	Portfolio of investments	136,367	101.31
	Net other liabilities	(1,758)	(1.31)
	Net assets	134,609	100.00

The investments have been valued in accordance with note 1(F) of the Accounting Policies and are ordinary shares listed on a regulated market unless stated otherwise.

AJ Bell has now been reclassified to United Kingdom from Private Equity as the stock is now listed on a regulated market.

¹ Collective investment scheme.

² Quoted on the Alternative Investment Market (AIM).

³ Delisted security.

⁴ Unlisted security.

⁵ Structured product.

⁶ Related party holding (see note 12).

LF SENECA DIVERSIFIED INCOME FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 March 2019

Total purchases for the year £'000 (note 16)	47,502	Total sales for the year £'000 (note 16)	28,910
	Cost £'000		Proceeds £'000
Major purchases		Major sales	
CIM Dividend Income	4,451	AJ Bell	3,753
Royal London Short Duration Global High Yield Bond	3,628	BNY Mellon Insight Equity Income Booster	3,041
Investec Global Gold	2,773	Fair Oaks Income	2,229
Muzinich Short Duration High Yield Bond	2,531	Schroder Asian Income Maximiser	2,079
Fair Oaks Income	2,519	Marston's	1,889
Templeton Emerging Markets Bond	2,306	Dairy Crest	1,192
Marston's	2,268	Custodian REIT	1,085
Merian Chrysalis	1,874	MI Somerset Emerging Markets Dividend Growth	979
BNY Mellon Insight Equity Income Booster	1,795	Aberdeen Private Equity	952
Woodford Patient Capital	1,544	RPC	946

In addition to the above, purchases totalling £41,159,000 and sales totalling £35,105,000 were made in short term investments during the year.

The summary of material portfolio changes represents the 10 largest purchases and sales during the year.

LF SENECA DIVERSIFIED INCOME FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN

for the year ended 31 March 2019

	Notes	£'000	31.03.19 £'000	£'000	31.03.18 £'000
Income:					
Net capital gains/(losses)	3		3,582		(1,629)
Revenue	4	6,656		5,728	
Expenses	5	(1,212)		(1,119)	
Interest payable and similar charges	7	(1)		–	
Net revenue before taxation		5,443		4,609	
Taxation	6	(415)		(383)	
Net revenue after taxation			5,028		4,226
Total return before distributions			8,610		2,597
Distributions	8		(5,891)		(5,042)
Change in net assets attributable to shareholders from investment activities			2,719		(2,445)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 March 2019

	£'000	31.03.19 £'000	£'000	31.03.18 £'000
Opening net assets attributable to shareholders		108,843		101,290
Amounts receivable on issue of shares	28,404		22,772	
Amounts payable on redemption of shares	(5,361)		(12,777)	
		23,043		9,995
Change in net assets attributable to shareholders from investment activities		2,719		(2,445)
Unclaimed distributions		4		3
Closing net assets attributable to shareholders		134,609		108,843

LF SENECA DIVERSIFIED INCOME FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 31 March 2019

	Notes	31.03.19 £'000	31.03.18 £'000
ASSETS			
Fixed assets			
Investments		136,367	108,178
Current assets			
Debtors	9	1,779	1,191
Cash and bank balances	10	767	679
Total assets		<u>138,913</u>	<u>110,048</u>
LIABILITIES			
Creditors			
Distribution payable	11	(614)	(509)
Other creditors	11	(3,690)	(696)
Total liabilities		<u>(4,304)</u>	<u>(1,205)</u>
Net assets attributable to shareholders		<u>134,609</u>	<u>108,843</u>

LF SENECA DIVERSIFIED INCOME FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

1. Accounting Policies

The accounting policies described on pages 14 to 16 have been applied to the financial statements of the Fund in the current and prior year.

2. Distribution Policies

The distribution policies described on pages 16 and 17 have been applied to the financial statements of the Fund in the current and prior year. The additional distribution policy described below had also been applied to this Fund.

The Annual Management Charge is transferred to capital for distribution purposes in line with the Fund's investment objective. This will increase the amount of revenue available for distribution; however, will erode capital and may constrain capital growth.

3. Net Capital Gains/(Losses)

The net capital gains/(losses) during the year comprise:

	31.03.19 £'000	31.03.18 £'000
Non-derivative securities	3,891	(1,143)
Derivative contracts	(305)	(487)
Transaction charges	(2)	(2)
AMC rebates from underlying investments	2	7
Currency losses	(4)	(4)
Net capital gains/(losses)	<u>3,582</u>	<u>(1,629)</u>

4. Revenue

	31.03.19 £'000	31.03.18 £'000
Non-taxable dividends	3,377	2,742
Taxable dividends	2,739	1,145
UK property income distributions	328	241
Interest distributions on CIS holdings	201	1,598
AMC rebates from underlying investments	9	2
Bank interest	2	-
Total revenue	<u>6,656</u>	<u>5,728</u>

LF SENECA DIVERSIFIED INCOME FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS *continued*
for the year ended 31 March 2019

5. Expenses

	31.03.19 £'000	31.03.18 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	1,102	1,020
Legal and professional fees	9	7
Typesetting costs	4	4
Registration fees	36	31
	1,151	1,062
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	40	37
Safe custody and other bank charges	7	7
	47	44
Other expenses:		
Audit fees	9	9
Publication costs	5	4
	14	13
Total expenses	1,212	1,119

The Investment Manager's fees and expenses (plus VAT thereon) for providing investment management services are paid by the ACD out of its remuneration.

LF SENECA DIVERSIFIED INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2019

6. Taxation

	31.03.19 £'000	31.03.18 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	411	375
Overseas tax	4	3
Adjustments in respect of prior periods	–	5
Current tax charge	415	383
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	415	383

b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.03.18: 20%). The difference is explained below:

	31.03.19 £'000	31.03.18 £'000
Net revenue before taxation	5,443	4,609
Corporation tax at 20%	1,089	922
Effects of:		
Non-taxable dividends	(675)	(548)
Foreign tax expensed	(3)	–
AMC rebates taken to capital	–	1
Corporation tax charge	411	375
Overseas tax	4	3
Adjustments in respect of prior periods	–	5
Total tax charge (note 6a)	415	383
c) Deferred tax		
Provision at the start of the year	–	–
Deferred tax charge in the year (note 6a)	–	–
Provision at the end of the year	–	–

LF SENECA DIVERSIFIED INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2019

7. Interest Payable and Similar Charges

	31.03.19 £'000	31.03.18 £'000
Interest payable	1	–
Total interest payable and similar charges	1	–

8. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on redemption of shares, and comprise:

	31.03.19 £'000	31.03.18 £'000
First Interim	462	410
Second Interim	473	412
Third Interim	480	411
Fourth Interim	486	401
Fifth Interim	477	407
Sixth Interim	487	410
Seventh Interim	496	417
Eighth Interim	497	415
Ninth Interim	497	421
Tenth Interim	505	425
Eleventh Interim	528	447
Final	614	509
	6,002	5,085
Add: Revenue deducted on redemption of shares	27	43
Deduct: Revenue received on issue of shares	(138)	(86)
Net distributions for the year	5,891	5,042

Details of the distributions per share are set out in the table on pages 83 to 89.

LF SENECA DIVERSIFIED INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2019

	31.03.19 £'000	31.03.18 £'000
Distributions represented by:		
Net revenue after taxation	5,028	4,226
Allocations to capital:		
Expenses, net of tax relief	885	816
Equalisation on conversions ¹	(22)	–
Net distributions for the year	<u>5,891</u>	<u>5,042</u>

¹ Where an investor converts to a class with a higher income yield, the investor will receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

9. Debtors

	31.03.19 £'000	31.03.18 £'000
Amounts receivable for issue of shares	1,246	744
Sales awaiting settlement	256	172
Accrued revenue:		
Non-taxable dividends	244	269
AMC rebates from underlying investments	3	2
	247	271
Prepaid expenses	5	3
Taxation recoverable:		
Income tax	21	1
Overseas withholding tax	4	–
	25	1
Total debtors	<u>1,779</u>	<u>1,191</u>

LF SENECA DIVERSIFIED INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2019

10. Cash and Bank Balances

	31.03.19 £'000	31.03.18 £'000
Bank balances	767	679
Total cash and bank balances	767	679

11. Creditors

	31.03.19 £'000	31.03.18 £'000
Distribution payable	614	509
Other Creditors		
Amounts payable for redemption of shares	35	49
Purchases awaiting settlement	3,311	290
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	102	89
Legal and professional fees	1	1
Typesetting costs	2	2
Registration fees	6	3
	111	95
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	7	3
Safe custody and other bank charges	1	2
	8	5

LF SENECA DIVERSIFIED INCOME FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS *continued*
for the year ended 31 March 2019

	31.03.19 £'000	31.03.18 £'000
Other expenses	9	9
Taxation payable:		
Corporation tax	216	248
Total other creditors	<u>3,690</u>	<u>696</u>

12. Related Party Transactions

Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 11.

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 69 and amounts due at the year end are disclosed in notes 9 and 11.

As part of the investment strategy, the Fund may from time to time hold shares in other collective investment schemes for which Link Fund Solutions Limited is also the AIFM in common. At the balance sheet date the value of holdings was as follows:

	31.03.19 £'000	31.03.18 £'000
AIFM in common	<u>1,402</u>	<u>-</u>

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 2,704,889 (31.03.18: 2,814,127) of the Fund's shares at the balance sheet date.

13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.03.18: none).

LF SENECA DIVERSIFIED INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2019

14. Shares in Issue

	'A' Income	'B' Income	'N' Income	'I' Income
Annual Management Charge	1.40%	0.75%	1.00%	0.50%
Opening shares in issue	37,023,160	68,037,780	356,212	–
Issues	3,160,652	22,831,865	161,825	250
Redemptions	(3,422,872)	(2,024,436)	(26,711)	–
Conversions	(120,333)	(4,541,015)	–	5,166,097
Closing shares in issue	<u>36,640,607</u>	<u>84,304,194</u>	<u>491,326</u>	<u>5,166,347</u>

15. Risk Management Policies

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for Efficient Portfolio Management (including hedging) purposes.

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the Fund. The ACD requires that the appointed Investment Manager to the Fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

(A) CREDIT RISK

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

LF SENECA DIVERSIFIED INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2019

(B) INTEREST RATE RISK

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Investment in collective investment schemes exposes the Fund to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of interest rate risk posed by the Fund's underlying investments on a regular basis. The Fund may also indirectly be exposed to interest rate risk through its investment in collective investment schemes. As the Fund has no significant direct exposure to interest rate risk, no sensitivity analysis has been presented.

The table below shows the direct interest rate risk profile:

	31.03.19 £'000	31.03.18 £'000
Floating rate investments	55,280	39,693
Investments on which interest is not paid	<u>81,087</u>	<u>68,485</u>
Total investments	<u>136,367</u>	<u>108,178</u>

The floating rate investments comprise collective investment schemes that pay UK interest distributions and structured products.

Investments on which interest is not paid include equities and collective investment schemes.

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

Where the Fund invests in non-sterling assets, the Investment Manager allows for the foreign currency risk when considering whether to invest and does not seek to hedge this risk.

LF SENECA DIVERSIFIED INCOME FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS *continued*
for the year ended 31 March 2019

The table below shows the direct foreign currency risk profile:

	31.03.19 £'000	31.03.18 £'000
Currency:		
Euros	3	–
US dollars	6,957	6,586
	<u>6,960</u>	<u>6,586</u>
Pounds sterling	127,649	102,257
Net assets	<u>134,609</u>	<u>108,843</u>

A 5% change in the pounds sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £348,000 on the net assets of the Fund (31.03.18: £329,000).

(D) LEVERAGE

The Fund did not employ any significant leverage in the current or prior year.

(E) LIQUIDITY RISK

The main liability of the Fund is the redemption of any shares that investors want to sell. Investments may have to be sold to fund such redemptions should insufficient cash be held at the bank to meet this obligation.

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Fund's assets consist of cash and readily realisable investments.

All financial liabilities are payable in one year or less, or on demand.

(F) MARKET PRICE RISK

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

LF SENECA DIVERSIFIED INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2019

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £6,818,000 (31.03.18: £5,409,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

There were no derivatives of a material nature held by the Fund in the current or prior year. Refer to note 3 for the impact of derivatives in the year and to the Portfolio Statement for the impact of derivatives held at the year end.

16. Portfolio Transaction Costs

31.03.19	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	17,013	10	51	17,074
Collective investment schemes	30,411	7	10	30,428
Purchases total	<u>47,424</u>	<u>17</u>	<u>61</u>	<u>47,502</u>
<i>Transaction cost % of purchases total</i>		<i>0.04%</i>	<i>0.13%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.01%</i>	<i>0.05%</i>	
Ordinary shares	15,325	(76)	(19)	15,230
Collective investment schemes	13,689	(9)	–	13,680
Sales total	<u>29,014</u>	<u>(85)</u>	<u>(19)</u>	<u>28,910</u>
<i>Transaction cost % of sales total</i>		<i>0.29%</i>	<i>0.07%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.07%</i>	<i>0.02%</i>	

Average portfolio dealing spread at 31.03.19 is 0.45% (31.03.18: 0.40%).

LF SENECA DIVERSIFIED INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2019

31.03.18	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	17,036	15	41	17,092
Collective investment schemes	18,621	7	1	18,629
Purchases total	<u>35,657</u>	<u>22</u>	<u>42</u>	<u>35,721</u>
<i>Transaction cost % of purchases total</i>		0.06%	0.12%	
<i>Transaction cost % of average NAV</i>		0.02%	0.04%	
Ordinary shares	20,141	(22)	–	20,119
Collective investment schemes	9,147	(5)	–	9,142
Sales total	<u>29,288</u>	<u>(27)</u>	<u>–</u>	<u>29,261</u>
<i>Transaction cost % of sales total</i>		0.09%	–	
<i>Transaction cost % of average NAV</i>		0.03%	–	

17. Fair Value Hierarchy

Investments are categorised into the following levels based on their fair value measurement:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1;

Level 3: Valuation techniques using unobservable inputs.

31.03.19	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	<u>55,036</u>	<u>80,573</u>	<u>758</u>	<u>136,367</u>
31.03.18	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	<u>42,065</u>	<u>61,145</u>	<u>4,968</u>	<u>108,178</u>

As at 31.03.19, AJ Bell has been categorised as Level 1 as it is now a listed investment. As at 31.03.18, AJ Bell was an unlisted investment and was categorised as Level 3.

LF SENECA DIVERSIFIED INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 31 March 2019 – in pence per share

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

Group 2	First Interim	Second Interim	Third Interim	Fourth Interim
From	01.04.18	01.05.18	01.06.18	01.07.18
To	30.04.18	31.05.18	30.06.18	31.07.18

Group 2	Fifth Interim	Sixth Interim	Seventh Interim	Eighth Interim
From	01.08.18	01.09.18	01.10.18	01.11.18
To	31.08.18	30.09.18	31.10.18	30.11.18

Group 2	Ninth Interim	Tenth Interim	Eleventh Interim	Final
From	01.12.18	01.01.19	01.02.19	01.03.19
To	31.12.18	31.01.19	28.02.19	31.03.19

'A' INCOME SHARES

First Interim	Net Revenue	Equalisation	Paid 30.05.18	Paid 30.05.17
Group 1	0.3800	–	0.3800	0.3800
Group 2	0.0484	0.3316	0.3800	0.3800

Second Interim	Net Revenue	Equalisation	Paid 28.06.18	Paid 29.06.17
Group 1	0.3800	–	0.3800	0.3800
Group 2	0.0991	0.2809	0.3800	0.3800

Third Interim	Net Revenue	Equalisation	Paid 30.07.18	Paid 28.07.17
Group 1	0.3800	–	0.3800	0.3800
Group 2	0.0473	0.3327	0.3800	0.3800

LF SENECA DIVERSIFIED INCOME FUND
FINANCIAL STATEMENTS *continued*
DISTRIBUTION TABLE *continued*

Fourth Interim	Net Revenue	Equalisation	Paid 30.08.18	Paid 30.08.17
Group 1	0.3800	–	0.3800	0.3800
Group 2	–	0.3800	0.3800	0.3800
Fifth Interim	Net Revenue	Equalisation	Paid 27.09.18	Paid 28.09.17
Group 1	0.3800	–	0.3800	0.3800
Group 2	–	0.3800	0.3800	0.3800
Sixth Interim	Net Revenue	Equalisation	Paid 30.10.18	Paid 30.10.17
Group 1	0.3800	–	0.3800	0.3800
Group 2	–	0.3800	0.3800	0.3800
Seventh Interim	Net Revenue	Equalisation	Paid 29.11.18	Paid 29.11.17
Group 1	0.3800	–	0.3800	0.3800
Group 2	–	0.3800	0.3800	0.3800
Eighth Interim	Net Revenue	Equalisation	Paid 28.12.18	Paid 28.12.17
Group 1	0.3800	–	0.3800	0.3800
Group 2	–	0.3800	0.3800	0.3800
Ninth Interim	Net Revenue	Equalisation	Paid 30.01.19	Paid 30.01.18
Group 1	0.3800	–	0.3800	0.3800
Group 2	–	0.3800	0.3800	0.3800
Tenth Interim	Net Revenue	Equalisation	Paid 27.02.19	Paid 27.02.18
Group 1	0.3800	–	0.3800	0.3800
Group 2	–	0.3800	0.3800	0.3800

LF SENECA DIVERSIFIED INCOME FUND
FINANCIAL STATEMENTS *continued*
DISTRIBUTION TABLE *continued*

Eleventh Interim	Net Revenue	Equalisation	Paid 28.03.19	Paid 28.03.18
Group 1	0.3800	–	0.3800	0.3800
Group 2	–	0.3800	0.3800	0.3800

Final	Net Revenue	Equalisation	Payable 29.04.19	Paid 27.04.18
Group 1	0.4243	–	0.4243	0.4273
Group 2	0.1322	0.2921	0.4243	0.4273

‘B’ INCOME SHARES

First Interim	Net Revenue	Equalisation	Paid 30.05.18	Paid 30.05.17
Group 1	0.4564	–	0.4564	0.4541
Group 2	0.1093	0.3471	0.4564	0.4541

Second Interim	Net Revenue	Equalisation	Paid 28.06.18	Paid 29.06.17
Group 1	0.4565	–	0.4565	0.4542
Group 2	0.0914	0.3651	0.4565	0.4542

Third Interim	Net Revenue	Equalisation	Paid 30.07.18	Paid 28.07.17
Group 1	0.4565	–	0.4565	0.4544
Group 2	0.0669	0.3896	0.4565	0.4544

Fourth Interim	Net Revenue	Equalisation	Paid 30.08.18	Paid 30.08.17
Group 1	0.4569	–	0.4569	0.4547
Group 2	–	0.4569	0.4569	0.4547

Fifth Interim	Net Revenue	Equalisation	Paid 27.09.18	Paid 28.09.17
Group 1	0.4569	–	0.4569	0.4548
Group 2	–	0.4569	0.4569	0.4548

LF SENECA DIVERSIFIED INCOME FUND
FINANCIAL STATEMENTS *continued*
DISTRIBUTION TABLE *continued*

Sixth Interim	Net Revenue	Equalisation	Paid 30.10.18	Paid 30.10.17
Group 1	0.4573	–	0.4573	0.4550
Group 2	0.0545	0.4028	0.4573	0.4550
Seventh Interim	Net Revenue	Equalisation	Paid 29.11.18	Paid 29.11.17
Group 1	0.4575	–	0.4575	0.4552
Group 2	–	0.4575	0.4575	0.4552
Eighth Interim	Net Revenue	Equalisation	Paid 28.12.18	Paid 28.12.17
Group 1	0.4577	–	0.4577	0.4555
Group 2	–	0.4577	0.4577	0.4555
Ninth Interim	Net Revenue	Equalisation	Paid 30.01.19	Paid 30.01.18
Group 1	0.4580	–	0.4580	0.4550
Group 2	–	0.4580	0.4580	0.4550
Tenth Interim	Net Revenue	Equalisation	Paid 27.02.19	Paid 27.02.18
Group 1	0.4581	–	0.4581	0.4559
Group 2	–	0.4581	0.4581	0.4559
Eleventh Interim	Net Revenue	Equalisation	Paid 28.03.19	Paid 28.03.18
Group 1	0.4579	–	0.4579	0.4561
Group 2	–	0.4579	0.4579	0.4561
Final	Net Revenue	Equalisation	Payable 29.04.19	Paid 27.04.18
Group 1	0.5119	–	0.5119	0.5130
Group 2	0.1357	0.3762	0.5119	0.5130

LF SENECA DIVERSIFIED INCOME FUND
FINANCIAL STATEMENTS *continued*
DISTRIBUTION TABLE *continued*

'N' INCOME SHARES

			Paid 30.05.18	Paid 30.05.17
First Interim	Net Revenue	Equalisation		
Group 1	0.4500	–	0.4500	0.4484
Group 2	0.0468	0.4032	0.4500	0.4484
Second Interim	Net Revenue	Equalisation	Paid 28.06.18	Paid 29.06.17
Group 1	0.4499	–	0.4499	0.4485
Group 2	0.0679	0.3820	0.4499	0.4485
Third Interim	Net Revenue	Equalisation	Paid 30.07.18	Paid 28.07.17
Group 1	0.4499	–	0.4499	0.4485
Group 2	0.0094	0.4405	0.4499	0.4485
Fourth Interim	Net Revenue	Equalisation	Paid 30.08.18	Paid 30.08.17
Group 1	0.4501	–	0.4501	0.4487
Group 2	–	0.4501	0.4501	0.4487
Fifth Interim	Net Revenue	Equalisation	Paid 27.09.18	Paid 28.09.17
Group 1	0.4502	–	0.4502	0.4490
Group 2	–	0.4502	0.4502	0.4490
Sixth Interim	Net Revenue	Equalisation	Paid 30.10.18	Paid 30.10.17
Group 1	0.4504	–	0.4504	0.4490
Group 2	–	0.4504	0.4504	0.4490
Seventh Interim	Net Revenue	Equalisation	Paid 29.11.18	Paid 29.11.17
Group 1	0.4505	–	0.4505	0.4487
Group 2	–	0.4505	0.4505	0.4487

LF SENECA DIVERSIFIED INCOME FUND
FINANCIAL STATEMENTS *continued*
DISTRIBUTION TABLE *continued*

Eighth Interim	Net Revenue	Equalisation	Paid 28.12.18	Paid 28.12.17
Group 1	0.4506	–	0.4506	0.4489
Group 2	–	0.4506	0.4506	0.4489

Ninth Interim	Net Revenue	Equalisation	Paid 30.01.19	Paid 30.01.18
Group 1	0.4508	–	0.4508	0.4487
Group 2	–	0.4508	0.4508	0.4487

Tenth Interim	Net Revenue	Equalisation	Paid 27.02.19	Paid 27.02.18
Group 1	0.4508	–	0.4508	0.4495
Group 2	–	0.4508	0.4508	0.4495

Eleventh Interim	Net Revenue	Equalisation	Paid 28.03.19	Paid 28.03.18
Group 1	0.4507	–	0.4507	0.4496
Group 2	–	0.4507	0.4507	0.4496

Final	Net Revenue	Equalisation	Payable 29.04.19	Paid 27.04.18
Group 1	0.5037	–	0.5037	0.5058
Group 2	0.1427	0.3610	0.5037	0.5058

'I' INCOME SHARES¹

Fifth Interim	Net Revenue	Equalisation	Paid 27.09.18
Group 1	0.1650	–	0.1650
Group 2	0.1650	0.0000	0.1650

¹ 'I' Income shares launched on 3 August 2018.

LF SENECA DIVERSIFIED INCOME FUND
FINANCIAL STATEMENTS *continued*
DISTRIBUTION TABLE *continued*

Sixth Interim	Net Revenue	Equalisation	Paid 30.10.18
Group 1	0.2898	–	0.2898
Group 2	0.2898	0.0000	0.2898
Seventh Interim	Net Revenue	Equalisation	Paid 29.11.18
Group 1	0.3852	–	0.3852
Group 2	0.3852	0.0000	0.3852
Eighth Interim	Net Revenue	Equalisation	Paid 28.12.18
Group 1	0.4008	–	0.4008
Group 2	0.4008	0.0000	0.4008
Ninth Interim	Net Revenue	Equalisation	Paid 30.01.19
Group 1	0.4111	–	0.4111
Group 2	0.4111	0.0000	0.4111
Tenth Interim	Net Revenue	Equalisation	Paid 27.02.19
Group 1	0.4128	–	0.4128
Group 2	0.4128	0.0000	0.4128
Eleventh Interim	Net Revenue	Equalisation	Paid 28.03.19
Group 1	0.4124	–	0.4124
Group 2	0.4124	0.0000	0.4124
Final	Net Revenue	Equalisation	Payable 29.04.19
Group 1	0.4618	–	0.4618
Group 2	0.4618	0.0000	0.4618

GENERAL INFORMATION

Structure of the Company

The Company is structured as an umbrella company, in that different sub-funds may be established from time to time by the ACD with the approval of the Financial Conduct Authority and the agreement of the Depositary. On the introduction of any new sub-fund or class, a revised Prospectus will be prepared setting out the relevant details of each sub-fund or class.

The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that sub-fund. The sub-funds which are currently available are:

LF Seneca Diversified Growth Fund
LF Seneca Diversified Income Fund

In the future there may be other sub-funds of the Company.

Classes of Shares

The Company can issue Income and Accumulation classes of share.

Holders of Income shares are entitled to be paid the revenue attributable to such shares in respect of each annual or interim accounting period.

Holders of Accumulation shares are not entitled to be paid the revenue attributable to such shares, but that revenue is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

Valuation Point

The valuation point of the Company is 12.00pm (London time) on each business day. Valuations may be made at other times under the terms contained within the Prospectus.

Buying and Selling Shares

The ACD will accept orders to deal in the shares on normal business days between 8.30am and 5.30pm (London time) and transactions will be effected at prices determined by the following valuation. Instructions to buy or sell shares may be either in writing to: PO Box 389, Darlington DL1 9UF or by telephone on 0345 608 1497.

From 24 May 2019, the Administrator will accept orders to deal in the shares on normal business days between 8.30am and 5.30pm London time. Instructions to buy or sell shares may be either in writing to: Valu-Trac Investment Management Limited, Orton, Fochabers, Moray IV32 7QE (email: vanneck@valu-trac.com) or by telephone on 01343 880344.

GENERAL INFORMATION *continued*

Prices

The prices of all shares are published in the *Financial Times* and are on the ACD's website: www.linkfundsolutions.co.uk and on www.senecaim.com. The prices of shares may also be obtained by calling 0345 608 1497 during the ACD's normal business hours.

Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office. Copies of these may be obtained upon application and, excepting the Instrument of Incorporation, can be found on the ACD's website, www.linkfundsolutions.co.uk, by following the link 'Fund Information'.

From 24 May 2019, the Register of Shareholders can be inspected by shareholders during normal business hours at Valu-Trac Investment Management Limited.

Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR.

Data Protection Act

Shareholders' names will be added to a mailing list which may be used by the ACD, its associates or third parties to inform investors of other products by sending details of such products. Shareholders who do not want to receive such details should write to the ACD requesting their removal from any such mailing list.



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 linkfundsolutions.co.uk

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