

**VT SENECA INVESTMENT FUNDS**  
**(Sub-Funds VT Seneca Diversified Growth Fund and**  
**VT Seneca Diversified Income Fund)**

**Interim Report and Financial Statements**  
**(unaudited)**  
**for the six months ended 30 September 2019**



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## COMPANY OVERVIEW

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### **Type of Company**

VT Seneca Investment Funds (“the Company”) is an authorised open-ended investment company with variable capital (“ICVC”) further to a Financial Conduct Authority (“FCA”) authorisation order dated 5 October 2004. The Company is incorporated under registration number IC000342. It is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes Sourcebook (“COLL”) issued by the FCA.

The Company has been set up as an umbrella company. The Company has currently two sub-funds available for investment, The VT Seneca Diversified Growth Fund and The VT Seneca Diversified Income Fund.

### **Changes to the Company**

On 24 May 2019 the Company changed its name from LF Seneca Investment Funds to VT Seneca Investment Funds.

On 24 May 2019 the Authorised Corporate Director (ACD) changed from Link Fund Solutions Limited to Valu-Trac Investment Management Limited.

On 24 May 2019 the Auditor changed from Ernst & Young LLP to Johnston Carmichael LLP.

# STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S (ACD'S) RESPONSIBILITIES

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The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Corporate Director to prepare financial statements for each accounting period which give a true and fair view of the financial position of the Company at the end of the financial period and its net revenue and net capital gains/(losses) for the period. In preparing these financial statements the Authorised Corporate Director is required to:

- comply with the Prospectus, the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014, the Instrument of Incorporation, generally accepted accounting principles and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements.
- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

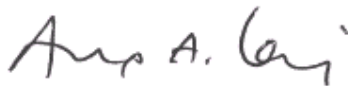
The Authorised Corporate Director is required to keep proper accounting records and to manage the Company in accordance with the COLL regulations, the Instrument of Incorporation, and the Prospectus. The Authorised Corporate Director is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## DIRECTOR'S STATEMENT

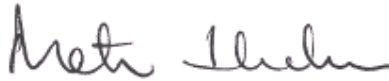
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In accordance with the requirements of the Financial Conduct Authority's Collective Investment Scheme's Sourcebook, we hereby certify the interim report.

Anne A. Laing CA



Martin Henderson BSc



Valu-Trac Investment Management Limited  
Authorised Corporate Director

Date 27/11/19

## SUB-FUND OVERVIEW

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<b>Name of Sub-Fund</b>	VT Seneca Diversified Growth Fund
<b>Size of Sub-Fund ('000)</b>	£170,084
<b>Launch date</b>	5 October 2004
<b>Sub - Fund objective and policy</b>	The investment objective of the Sub-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.
<b>Authorised Corporate Director (ACD)</b>	Valu-Trac Investment Management Limited
<b>Ex-distribution dates</b>	31 March, 30 September
<b>Distribution dates</b>	31 May, 30 November
<b>Individual Savings Account (ISA)</b>	The Sub-Fund is a qualifying investment for inclusion in an ISA.
<b>Minimum investment</b>	
Lump sum subscription:	A Class Net Accumulation = £3,000 N Class Net Accumulation = £1,000 B Class Net Accumulation = £100,000 I Class Net Accumulation = £50,000,000
Top-up:	A Class Net Accumulation = £2,500 N Class Net Accumulation = £1,000 B Class Net Accumulation = £10,000 I Class Net Accumulation = £100,000
Holding:	A Class Net Accumulation = £3,000 N Class Net Accumulation = £1,000 B Class Net Accumulation = £100,000 I Class Net Accumulation = £50,000,000
Redemption:	All share classes = Nil (providing minimum holding is maintained)

The ACD may waive the minimum levels at its discretion.

### ACD charges

The annual management charge in respect of the A Class shares is equal to 1.40% per annum of the net asset value of the A Class shares.

The annual management charge in respect of the N Class shares is equal to 1.00% per annum of the net asset value of the N Class shares.

The annual management charge in respect of the B Class shares is equal to 0.75% per annum of the net asset value of the B Class shares.

The variable element in respect of the I Class shares is equal to 0.50% per annum of the net asset value of the F Class shares.

Initial charge	A Class Net Accumulation = 5.0%
	N Class Net Accumulation = 5.0%
	B Class Net Accumulation = 0.0%
	I Class Net Accumulation = 0.0%

The ACD may waive in full or part the initial charge at its discretion.

### Changes to the Sub-fund

On 24 May 2019 the Sub-fund changed its name from LF Seneca Diversified Growth Fund to VT Seneca Diversified Growth Fund

# INVESTMENT MANAGER'S REVIEW

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## VT Seneca Diversified Growth Fund

### Investment Aim

A diversified fund whose investment aim is to generate long term capital growth by investing in a multi-asset portfolio, managed with a focus on value. The fund may include directly invested UK equities with a bias towards mid cap stocks, and overseas equity, fixed income, specialist assets\* and managed liquidity\*\* held through third party funds.

### 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.

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.

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

### Asset Allocation

Fund asset structure as at 30th September 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	45.2	60.0
UK	15.3	20.0
North America	0.0	8.0
Europe ex UK	5.9	8.0
Japan	7.7	8.0
Emerging Markets	4.4	8.0
Asia (exc. Japan)	8.8	8.0
Global/Other	3.1	0.0
Fixed Income	13.0	15.0
Specialist Assets	23.8	25.0
Cash/Managed Liquidity/Gold	18.0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

We lowered our allocation to equities at the end of June. This reduction has been part of a gradual reduction over the past two years. The bull market is now in its 10th year and we continue to take profits from equities and move the capital into more defensive areas. The UK equity reduction of 1% in June was allocated to physical gold. In addition to this we further reduced our exposure to UK equities in July. We had temporarily increased our UK equity exposure in Q4 2018 after the AJ Bell IPO (which caused the stock to be reclassified from private equity to UK equity). The increased UK equity allocation was funded by a reduction from our managed liquidity allocation. Part of the terms of the IPO were that we could not trade in the stock for six months. This restriction lapsed during the reporting period and we sold some of the AJ Bell holding and have reallocated some of that capital back to managed liquidity.

Source: Seneca Investment Managers  
(Figures may not sum due to rounding)

## INVESTMENT MANAGER'S REVIEW (Continued)

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### Portfolio Activity

#### UK Equities

A new investment was made towards the end of the reporting period in Purplebricks, the online estate agency. The company was founded in 2014 and has already successfully disrupted the market to become the largest estate agency in the UK, with a market share exceeding 4%. We believe that the company's novel fee structure and technology enhanced service offering will enable them to continue taking market share. Operating leverage should then lead to free cash flow growing ahead of revenues. There is significant scope for the group to increase ancillary revenues and grow revenue per instruction. The Board has recently been refreshed and a new CEO installed - Vic Darvey, former MD of Moneysupermarket.com. The group is exiting the US and Australia, to focus solely on the UK and Canada where it already has an established presence. This should leave the company cash flow positive and with over £50m of net cash on the balance sheet.

We reduced troubled construction and support services firm, Kier Group, earlier in the reporting period after insurers started withdrawing cover for trade suppliers. Since then the situation has stabilised somewhat, with the appointment of Andrew Davies as CEO (formerly CEO of Wates Group) and a new FD. A Strategic Review has been undertaken which we believe will put the company on a significantly sounder financial footing. The group intends to dispose of its housebuilding division and reduce the amount of capital invested in property development. Combined, this should materially reduce debt levels and working capital volatility. We believe there remains material upside to the shares and have added to the position lower down. However, execution risk remains which is why we maintain a relatively smaller weighting to the stock.

Ultra-Electronics was reduced after re-rating considerably over the previous 6 months. The group is now under the stewardship of Simon Pryce, who has a strong track record in managing portfolios of businesses from his time spent as CEO of BBA Aviation. Interim results exhibited strong revenue and order book growth.

Marston's was also reduced, having re-rated through the year. The sector has been buoyed by M&A activity; most recently CK Assets bidding for Greene King.

Marks & Spencer launched and subsequently completed its rights issue to fund its JV investment with Ocado at terms that were more dilutive than expected. The fund participated in the rights issue and rump placing.

#### Overseas Equities

The main changes made to our overseas equity allocation were within our Japanese exposure. During the period we exited our exposure to Coupland Cardiff Japan Trust and Goodhart Horizon Michinori Japan Equity. These exposures have been replaced by Morant Wright Fuji Yield. Morant Wright are a boutique with an excellent 20-year track record in managing Japanese equities. The product is managed by a team of 6 very experienced portfolio managers with backgrounds from F&C, Schroders and Henderson. They have a value bias and seek companies with a strong balance sheet and/or business franchise trading at low valuations. At the time of purchase the portfolio was trading at a price to book less than one and the majority of the underlying holdings had net cash on the balance sheet. Value stocks have sold off significantly over the period, so we saw this as an attractive entry point to gain exposure to this manager.

We also made additional investments into our positions in Invesco Perpetual European Equity Income and HMG Global Emerging Markets equity fund.

#### Fixed Income

We have not added any new funds to this allocation over the period. We made an addition to our existing holding in Twenty-Four Select Monthly Income Fund and the two Royal London funds (Global Short Duration High Yield and Sterling Extra Yield). We also added to our exposure to Franklin Templeton Emerging Market Bond Fund. Our main focus in our fixed income exposure continues to be funds with low interest rate risk.

#### Specialist Assets

Early in the period we actively reduced the holding sizes of Greencoat UK Wind (UKW) and International Public Partnerships (INPP) based on their share price strength. The weighting of Sequoia Economic Infrastructure (SEI) also fell as the OEIC increased in size with inflows as we anticipated the trust would issue further equity at a lower price. Soon afterwards, it was indeed announced that SEI and UKW were to raise further equity at prices that were below the prevailing market price, which allowed us to bring weightings back up to target.

There have been good financial results within the specialist assets portfolio: In addition to strong financial performance, LondonMetric and Assura announced sensible strategic asset acquisitions which will help their future GP surgery and health centre property asset management strategies. In infrastructure John Lang Environmental Assets showed its investment into Anaerobic Digestion plants has performed well operationally and ahead of budget. Meanwhile, Hipgnosis Songs Fund has built up a well-diversified portfolio of songs across the genres of the last 30 or more years.

## INVESTMENT MANAGER'S REVIEW (Continued)

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In private equity we supported the second and third rounds of equity fund raising of Merian Chrysalis. We were pleased with the initial portfolio of pre-IPO companies within the trust since December, including Transferwise and Graphcore. Following the second-round equity raising the trust announced new private company investments for its portfolio: Embark, Klarna and Sorted. These well received investments helped build sufficient demand to support their £175m of issuance in the third round. Woodford Patient Capital Trust has been disappointing due chiefly to the wider problems within Woodford Investment Management. However, we engage regularly with the board and welcome the appointment of Schroders.

We have increased the target weight to Doric Nimrod Air 3 and reduced the amount ascribed for Doric Nimrod Air 2. This is in order to extend the date of expiry of A380 leases with Emirates the fund has exposure to and increase the length of income to come from the leases.

Towards the end of the 6-month period Hipgnosis Song Fund issued a line of further equity where we participated to help support its portfolio diversification of music royalties. Meanwhile, reflective of the eager demand from the market for infrastructure assets, further follow-on fund raises were announced and successfully completed by Sequoia Economic Infrastructure and International Public Partnerships meaning they issued twice in the 6-month period under the ongoing stock issuance programs. These programs continue to help broaden their portfolio and dilute their cost base.

### **Outlook**

We maintain our view that we are late in the cycle and many asset classes are richly valued particularly in the US. We proceed with caution and our focus is to build up the defensive characteristics of the portfolio. Examples of actions we have taken this year is to reduce equities and increase both gold and managed liquidity. Most of the macro environment remains negative with PMI's trending down, the continued US /China trade tensions and Brexit to name but a few current influences. The amount of negative yielding debt globally sits at an astonishing almost \$13 trillion with Greece recently joining the ranks.

The exceptional environment that we exist in creates exceptional risks, but it also creates exceptional opportunities. Markets are currently driven by central banks and fundamentals have been neglected. We see a huge divergence in valuations within asset classes. Globally we see the spread in valuation between value and growth to be at exceptional levels. In the UK we see the domestic companies that derive their earnings in Sterling trade at multiples less than half of their internationally focused peers. We will continue to look through the short-term noise and focus on attractively valued opportunities with a long-term investment horizon.

**Seneca Investment Managers Limited**  
**Investment Manager to the Fund**



## PERFORMANCE RECORD

### A Accumulation shares

	Period to 30 September 2019	Year to 31 March 2019	Year to 31 March 2018
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	<u>287.6100</u>	<u>263.7000</u>	<u>252.0500</u>
Return before operating charges	17.0226	28.9500	16.7000
Operating charges (note 1)	<u>(5.5443)</u>	<u>(5.0400)</u>	<u>(5.0500)</u>
Return after operating charges*	11.4783	23.9100	11.6500
Closing net asset value per unit	<u>299.0883</u>	<u>287.6100</u>	<u>263.7000</u>
Retained distributions on accumulated units	4.0612p	8.2000p	5.9000p
*after direct transaction costs of:	0.2053	0.3600	0.1800
Performance			
Return after charges	3.99%	9.07%	4.62%
Other information			
Closing net asset value (£'000)	£47,386	£42,448	£40,115
Closing number of units	15,843,391	14,758,646	15,212,388
Operating charges (note 2)	1.89%	1.84%	1.89%
Direct transaction costs	0.07%	0.13%	0.07%
Prices			
Highest unit price	303.13	288.31	278.77
Lowest unit price	288.27	263.65	248.43

### B Accumulation shares

	Period to 30 September 2019	Year to 31 March 2019	Year to 31 March 2018
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	<u>173.8700</u>	<u>158.3900</u>	<u>150.4100</u>
Return before operating charges	9.7351	17.4400	9.9600
Operating charges (note 1)	<u>(2.2027)</u>	<u>(1.9600)</u>	<u>(1.9800)</u>
Return after operating charges*	7.5324	15.4800	7.9800
Closing net asset value per unit	<u>181.4024</u>	<u>173.8700</u>	<u>158.3900</u>
Retained distributions on accumulated units	3.0104	6.0100	4.5700
*after direct transaction costs of:	0.1243	0.2200	0.1100
Performance			
Return after charges	4.33%	9.77%	5.31%
Other information			
Closing net asset value (£'000)	£95,964	£64,933	£73,058
Closing number of units	52,570,229	37,345,161	46,124,939
Operating charges (note 2)	1.24%	1.19%	1.24%
Direct transaction costs	0.07%	0.13%	0.07%
Prices			
Highest unit price	183.65	174.26	167.22
Lowest unit price	174.27	158.37	148.17

## PERFORMANCE RECORD (Continued)

### N Accumulation shares

	<b>Period to 30 September 2019</b>	<b>Year to 31 March 2019</b>	<b>Year to 31 March 2018</b>
	GBP	GBP	GBP
Changes in net assets per unit			
Opening net asset value per unit	<u>170.7200</u>	<u>155.9400</u>	<u>148.4500</u>
Return before operating charges	9.7601	17.1200	9.8400
Operating charges (note 1)	<u>(2.5971)</u>	<u>(2.3400)</u>	<u>(2.3500)</u>
Return after operating charges*	7.1630	14.7800	7.4900
Closing net asset value per unit	<u>177.8830</u>	<u>170.7200</u>	<u>155.9400</u>
Retained distributions on accumulated units	2.7417p	5.4700p	4.1100p
*after direct transaction costs of:	0.1220	0.2200	0.1000
Performance			
Return after charges	4.20%	9.48%	5.05%
Other information			
Closing net asset value (£'000)	£110	£104	£119
Closing number of units	61,566	61,289	76,263
Operating charges (note 2)	1.49%	1.44%	1.49%
Direct transaction costs	0.07%	0.13%	0.07%
Prices			
Highest unit price	180.16	171.1100	164.71
Lowest unit price	171.11	155.9100	146.27

### I Accumulation shares

	<b>Period to 30 September 2019</b>	<b>3 August 2018^ to 31 March 2019</b>
	GBP	GBP
Changes in net assets per unit		
Opening net asset value per unit	<u>105.3000</u>	<u>100.00</u>
Return before operating charges	5.7405	5.9200
Operating charges (note 1)	<u>(1.0656)</u>	<u>(0.6200)</u>
Return after operating charges*	4.6749	5.3000
Closing net asset value per unit	<u>109.9749</u>	<u>105.3000</u>
Retained distributions on accumulated units	1.9471	2.2200
*after direct transaction costs of:	0.0753	0.0900
Performance		
Return after charges	4.44%	5.30%
Other information		
Closing net asset value (£'000)	£27,655	£26,480
Closing number of units	25,147,047	25,147,047
Operating charges (note 2)	0.99%	0.94%
Direct transaction costs	0.07%	0.13%
Prices		
Highest unit price	111.28	105.52
Lowest unit price	105.54	96.58

^share class launched 3 August 2018

## PORTFOLIO STATEMENT

As at 30 September 2019 (unaudited)

Holding	Security	Value £'000	% of Total Net Assets %
	<b>Fixed Income Investments 13.01% (31.03.19: 12.29%)</b>		
	<b>Corporate Bonds 11.28% (31.03.19: 10.29%)</b>		
13,075,000	Royal London Short Duration Global High Yield	11,316	6.65
4,110,000	Royal London Sterling Extra Yield	4,410	2.59
3,750,000	TwentyFour Select Monthly Income	3,461	2.04
		<u>19,187</u>	<u>11.28</u>
	<b>Emerging Market Debt 1.73% (31.03.19: 2.00%)</b>		
478,048	Templeton Emerging Markets Bond	2,935	1.73
	<b>Total Fixed Income Investments</b>	<u>22,122</u>	<u>13.01</u>
	<b>Equity &amp; Equity Related 46.99% (31.03.19: 51.03%)</b>		
	<b>United Kingdom 15.31% (31.03.19: 20.22%)</b>		
780,000	A J Bell	3,261	1.91
635,000	Arrow Global	1,379	0.81
325,000	Babcock International	1,819	1.06
81,000	Bovis Homes	896	0.53
75,500	Britvic	742	0.44
855,000	BT	1,526	0.90
106,000	Clinigen	916	0.54
260,000	Essentra	1,101	0.65
530,000	Halfords	896	0.53
197,500	iShares Core FTSE 100	1,444	0.85
865,000	Kier	965	0.57
485,000	Legal & General	1,207	0.71
647,000	Marks & Spencer	1,199	0.70
855,000	Marston's	1,054	0.62
342,500	Morgan Advanced Materials	887	0.52
150,000	National Express	651	0.38
405,000	OneSavings Bank	1,493	0.88
135,000	Phoenix	935	0.55
192,000	Polypipe	774	0.46
1,000,000	Purplebricks	1,113	0.65
405,000	Senior	776	0.46
49,627	Ultra Electronics	1,003	0.59
	<b>Total United Kingdom</b>	<u>26,037</u>	<u>15.31</u>
	<b>Overseas 31.69% (31.03.19: 28.84%)</b>		
	<b>Continental Europe 5.92% (31.03.19: 6.15%)</b>		
2,713,532	European Assets	2,788	1.64
1,665,000	Invesco European Equity Income	7,280	4.28
	<b>Total Continental Europe</b>	<u>10,068</u>	<u>5.92</u>
	<b>Japan 7.76% (31.03.19: 6.55%)</b>		
1,257,000	Morant Wright Fuji Yield	13,200	7.76
	<b>Asia Pacific (Excluding Japan) 8.77% (31.03.19: 10.34%)</b>		
613,710	Pacific Assets Trust	1,792	1.05
28,093	Prusik Asian Equity Income	4,282	2.52
14,070	Samarang Asian Prosperity A1	5,552	3.26
525,000	Stewart Investors Asia Pacific Sustainability	3,298	1.94
	<b>Total Asia Pacific (Excluding Japan)</b>	<u>14,924</u>	<u>8.77</u>

PORTFOLIO STATEMENT (Continued)

Holding	Security	Value	% of Total
		£'000	Net Assets %
	<b>Emerging Markets 4.37% (31.03.19: 4.35%)</b>		
700,000	Goodhart Partners HMG Global Emerging Markets	7,441	4.37
	<b>Other Overseas 4.86% (31.03.19: 3.42%)</b>		
532,500	BlackRock World Mining	1,922	1.13
24,300	Invesco Physical Markets	2,853	1.68
2,040,000	Investec Global Gold	3,493	2.05
	<b>Total Other Overseas</b>	<b>8,268</b>	<b>4.86</b>
	<b>Total Overseas</b>	<b>53,901</b>	<b>31.68</b>
	<b>Total Equity &amp; Equity Related</b>	<b>79,938</b>	<b>46.99</b>
	<b>Alternative Investments 23.88% (31.03.19: 25.97%)</b>		
	<b>Hedge Funds 0.00% (31.03.19: 0.00%)</b>		
1,250,000	PSolve Alternatives PCC	-	0.00
	<b>Private Equity 3.37% (31.03.19: 5.53%)</b>		
158,153	Aberdeen Private Equity	-	0.00
2,660,000	Merian Chrysalis	3,285	1.93
5,490,000	Woodford Patient Capital Trust	2,447	1.44
	<b>Total Private Equity</b>	<b>5,732</b>	<b>3.37</b>
	<b>Property 6.01% (31.03.19: 6.21%)</b>		
2,315,000	AEW UK REIT	2,184	1.28
1,460,000	Assura	1,028	0.60
2,465,000	Ediston Property Investment	2,100	1.23
715,000	LondonMetric Property	1,557	0.92
950,000	Primary Health Properties	1,269	0.75
2,337,814	PRS REIT	2,080	1.23
18,750,000	Speymill Deutsche Immobilien	-	0.00
		10,218	6.01
	<b>Other Alternative 14.51% (31.03.19: 16.96%)</b>		
598,787	Blue Capital	100	0.06
1,380,000	Doric Nimrod Air Two	2,505	1.47
1,060,000	Doric Nimrod Air Three	920	0.54
1,972,211	DP Aircraft I	1,303	0.77
5,306,104	Fair Oaks Income	3,235	1.90
1,180,000	Greencoat UK Wind	1,674	0.98
2,080,000	Hipgnosis Songs Fund	2,236	1.31
2,130,000	International Public Partnerships	3,284	1.94
1,480,000	John Laing Environmental Assets	1,746	1.03
4,864,287	Lehman Brothers Treasury 0%	-	0.00
2,360,000	RM Secured Direct Lending	2,395	1.41
2,497,762	Sequoia Economic Infrastructure Income	2,880	1.69
3,550,000	UK Mortgages	2,396	1.41
		24,674	14.51
	<b>Total Alternative Investments</b>	<b>40,624</b>	<b>23.88</b>
	<b>Cash Equivalent Investments 9.37% (31.03.19: 10.63%)</b>		
15,400,000	Royal London Cash Plus	15,929	9.37
	<b>Investment assets (2019-96.38%)</b>	<b>158,615</b>	<b>93.25</b>
	<b>Net other assets (31.03.2019: 0.08%)</b>	<b>11,899</b>	<b>7.00</b>
	<b>Adjustment to revalue assets from mid to bid prices</b>	<b>(430)</b>	<b>(0.25)</b>
	<b>Net assets</b>	<b>170,084</b>	<b>100.00</b>

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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	<b>£'000</b>
<b>Total sales for the six months ended 30 September 2019</b>	<b>35,555</b>
<b>Major sales</b>	
iShares MSCI Japan	12,365
AJ Bell	7,562
Goodhart Partners Horizon Michinori Japan Equity	5,968
CC Japan Income and Growth	2,840
SME Credit Realisation Fund	1,392
Marston's	993
Investec Physical Gold	683
International Public Partnership	627
Ultra Electronics	542
Dairy Crest	527

In addition, purchases of £35,006,000 were made in short term investments in the period

## SUMMARY OF MATERIAL PORTFOLIO CHANGES (Continued)

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	<b>£'000</b>
<b>Total purchases for the six months ended 30 September 2019</b>	<b>54,532</b>
<b>Major purchases</b>	
Morant Wright Fuji Yield	12,856
iShares MSCI Japan	11,263
Royal London Short Duration High Yield Bond	4,420
Woodford Patient Capital	2,170
iShares Core FTSE 100	1,939
Invesco Physical Markets	1,691
Investec Physical Gold	1,509
Stewart Investors Asia Pacific Sustainability	1,410
Purplebricks	1,160
Royal London Sterling Extra Yield Bond	999

In addition, purchases of £46,828,000 were made in short term investments in the period

## STATEMENT OF TOTAL RETURN

For the six months ended 30 September 2019 (unaudited)

	30.09.19		30.09.18	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		3,111		1,753
Revenue	3,359		2,784	
Expenses	(795)		(621)	
Interest payable and similar charges	-		-	
Net expenses before taxation	<u>2,564</u>		<u>(2,163)</u>	
Taxation	<u>(41)</u>		<u>(5)</u>	
Net expenses after taxation		<u>2,523</u>		<u>2,158</u>
Total return before distributions		5,634		3,911
Finance costs: distributions		<u>(2,523)</u>		<u>(1,800)</u>
<b>Change in net assets attributable to shareholders from investment activities</b>		<u><u>3,111</u></u>		<u><u>2,111</u></u>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 30 September 2019 (unaudited)

	30.09.19	30.09.18
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>	133,965	113,292
Amounts receivable on creation of shares	33,191	5,256
Amounts payable on cancellation of shares	(2,900)	(3,552)
Retained distributions on accumulation shares	2,717	1,813
Change in net assets attributable to shareholders from investment activities (see above)	3,111	2,111
<b>Closing net assets attributable to shareholders</b>	<u><u>170,084</u></u>	<u><u>118,920</u></u>

The Investment Association SORP requires that comparatives are shown for the above report. As comparatives are shown for the comparable interim period the net asset value at the end of the period will not agree to the net asset value at the start of the period. The Company net asset value as at 31 March 2019 was £133,965,000.

## BALANCE SHEET

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As at 30 September 2019 (unaudited)

	30.09.19		31.03.19	
	£'000	£'000	£'000	£'000
<b>ASSETS</b>				
Investment assets		158,185		133,860
<b>Current assets</b>				
Debtors	1,609		2,163	
Cash and bank balances	<u>11,093</u>		<u>1,452</u>	
<b>Total current assets</b>		<u>12,702</u>		<u>3,615</u>
<b>Total assets</b>		170,887		137,475
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Creditors	(313)		(3,510)	
Bank overdrafts	<u>(490)</u>		<u>-</u>	
<b>Total current liabilities</b>		<u>(803)</u>		<u>(3,510)</u>
<b>Net assets attributable to shareholders</b>		<u>170,084</u>		<u>133,965</u>

### Accounting Policies

The accounting policies applied are consistent with those of the financial statements for the year ended 31 March 2019 and are described in those financial statements.

The financial statements have been prepared in accordance with the Statement of Recommended Practice ('SORP') Authorised Funds issued by the Investment Association in May 2014.



## DISTRIBUTION TABLES

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### Interim distribution in pence per share

Group 1 – Shares purchased prior to 01 April 2019

Group 2 – Shares purchased on or after 01 April 2019 and on or before 30 September 2019

01 April 2019 to 30 September 2019

<b>'A' Accumulation Shares</b>	<b>Distribution accumulated 30.09.2019</b>	<b>Equalisation</b>	<b>Distribution accumulated 29.11.2019</b>	<b>Distribution accumulated 30.11.2018</b>
Group 1	4.0612	-	4.0612	4.3701
Group 2	3.6468	0.4144	4.0612	4.3701

<b>'B' Accumulation Shares</b>	<b>Distribution accumulated 30.09.2019</b>	<b>Equalisation</b>	<b>Distribution accumulated 29.11.2019</b>	<b>Distribution accumulated 30.11.2018</b>
Group 1	3.0104	-	3.0104	3.1643
Group 2	2.9432	0.0672	3.0104	3.1643

<b>'N' Accumulation Shares</b>	<b>Distribution accumulated 30.09.2019</b>	<b>Equalisation</b>	<b>Distribution accumulated 29.11.2019</b>	<b>Distribution accumulated 30.11.2018</b>
Group 1	2.7417	-	2.7417	2.9073
Group 2	2.7417	-	2.7417	2.9073

<b>'I' Accumulation Shares</b>	<b>Distribution accumulated 30.09.2019</b>	<b>Equalisation</b>	<b>Distribution accumulated 29.11.2019</b>	<b>Distribution accumulated 30.11.2018</b>
Group 1	1.9471	-	1.9471	0.5200
Group 2	1.9471	-	1.9471	0.5200

### EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. 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.

## SUB-FUND OVERVIEW

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<b>Name of Sub-Fund</b>	VT Seneca Diversified Income Fund
<b>Size of Sub-Fund ('000)</b>	£166,722
<b>Launch date</b>	5 October 2004
<b>Sub-Fund objective and policy</b>	The investment objective of VT Seneca Diversified Income 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 Sub-fund in accordance with applicable regulations.
<b>Authorised Corporate Director (ACD)</b>	Valu-Trac Investment Management Limited
<b>Ex-distribution dates</b>	Every month end
<b>Distribution dates</b>	Every month end 1 month after the Ex-distribution date
<b>Individual Savings Account (ISA)</b>	The Company is a qualifying investment for inclusion in an ISA.
<b>Minimum investment</b>	
Lump sum subscription:	A Class Net Accumulation = £3,000 N Class Net Accumulation = £1,000 B Class Net Accumulation = £100,000 I Class Net Accumulation = £50,000,000
Top-up:	A Class Net Accumulation = £2,500 N Class Net Accumulation = £1,000 B Class Net Accumulation = £10,000 I Class Net Accumulation = £100,000
Holding:	A Class Net Accumulation = £3,000 N Class Net Accumulation = £1,000 B Class Net Accumulation = £100,000 I Class Net Accumulation = £50,000,000
Redemption:	All share classes = Nil (providing minimum holding is maintained)

The ACD may waive the minimum levels at its discretion.

### ACD charges

The annual management charge in respect of the A Class shares is equal to 1.40% per annum of the net asset value of the A Class shares.

The annual management charge in respect of the N Class shares is equal to 1.00% per annum of the net asset value of the N Class shares.

The annual management charge in respect of the B Class shares is equal to 0.75% per annum of the net asset value of the B Class shares.

The variable element in respect of the I Class shares is equal to 0.50% per annum of the net asset value of the F Class shares.

<b>Initial charge</b>	A Class Net Accumulation = 5.0%
	N Class Net Accumulation = 5.0%
	B Class Net Accumulation = 0.0%
	F Class Net Accumulation = 0.0%

The ACD may waive in full or part the initial charge at its discretion.

### Changes to the Sub-fund

On 24 May 2019 the Sub-fund changed its name from LF Seneca Diversified Income Fund to VT Seneca Diversified Income Fund

## INVESTMENT MANAGER'S REVIEW

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### VT Seneca Diversified Income Fund

#### Investment Aim

To generate a high level of income with the prospect of maintaining the real value of capital over the long term, by investing in a multi-asset portfolio, managed with a focus on value. The fund may include directly invested UK equities with a bias towards mid cap stocks, and overseas equity, fixed income, specialist assets\* and managed liquidity\*\* held through third party funds.

The fund may include directly invested UK equities with a bias towards mid cap stocks, and overseas equity, fixed income, specialist assets and managed liquidity through third party funds.

#### 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.

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.

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

#### Asset Allocation

##### Fund structure as at 30th September 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	30.5	40.0
UK	17.9	22.5
North America	0.0	2.5
Europe ex UK	2.6	5.0
Japan	1.0	2.0
Asia Pacific (exc. Japan)	4.8	5.5
Emerging Markets	0.9	2.5
Global/ Other	3.3	0.0
Fixed Income	33.3	35.0
Specialist Assets	24.9	25.0
Cash/Managed Liquidity/Gold	11.5	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

We lowered our allocation to overseas equities at the end of June. This reduction has been part of a gradual reduction over the past two years. The bull market is now in its 10th year and we continue to take profits from equities and move the capital into more defensive areas. The equity reduction of 1% in June was allocated to physical gold.

Source: Seneca Investment Managers  
(Figures may not sum due to rounding)

## INVESTMENT MANAGER'S REVIEW (Continued)

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### Portfolio Activity

#### UK Equities

A new investment was made towards the end of the reporting period in Purplebricks, the online estate agency. The company was founded in 2014 and has already successfully disrupted the market to become the largest estate agency in the UK, with a market share exceeding 4%. We believe that the company's novel fee structure and technology enhanced service offering will enable them to continue taking market share. Operating leverage should then lead to free cash flow growing ahead of revenues. There is significant scope for the group to increase ancillary revenues and grow revenue per instruction. The Board has recently been refreshed and a new CEO installed - Vic Darvey, former MD of Moneysupermarket.com. The group is exiting the US and Australia, to focus solely on the UK and Canada where it already has an established presence. This should leave the company cash flow positive and with over £50m of net cash on the balance sheet.

We reduced troubled construction and support services firm, Kier Group, earlier in the reporting period after insurers started withdrawing cover for trade suppliers. Since then the situation has stabilised somewhat, with the appointment of Andrew Davies as CEO (formerly CEO of Wates Group) and a new FD. A Strategic Review has been undertaken which we believe will put the company on a significantly sounder financial footing. The group intends to dispose of its housebuilding division and reduce the amount of capital invested in property development. Combined, this should materially reduce debt levels and working capital volatility. We believe there remains material upside to the shares and have added to the position lower down. However, execution risk remains which is why we maintain a relatively smaller weighting to the stock.

Ultra-Electronics was reduced after re-rating considerably over the previous 6 months. The group is now under the stewardship of Simon Pryce, who has a strong track record in managing portfolios of businesses from his time spent as CEO of BBA Aviation. Interim results exhibited strong revenue and order book growth.

Marston's was also reduced, having re-rated through the year. The sector has been buoyed by M&A activity; most recently CK Assets bidding for Greene King.

Marks & Spencer launched and subsequently completed its rights issue to fund its JV investment with Ocado at terms that were more dilutive than expected. The fund participated in the rights issue and rump placing.

#### Overseas Equities

The main changes made to our overseas equity allocation were within our Japanese exposure. During the period we exited our exposure to Coupland Cardiff Japan Trust. This exposure has been replaced by Morant Wright Fuji Yield. Morant Wright are a boutique with an excellent 20-year track record in managing Japanese equities. The product is managed by a team of 6 very experienced portfolio managers with backgrounds from F&C, Schroders and Henderson. They have a value bias and seek companies with a strong balance sheet and/or business franchise trading at low valuations. At the time of purchase the portfolio was trading at a price to book less than one and the majority of underlying holdings had net cash on the balance sheet. Value stocks have sold off significantly over the period, so we saw this as an attractive entry point to gain exposure to this manager.

We also made additional investments into our positions in Invesco Perpetual European Equity Income and HMG Global Emerging Markets equity fund and CIM Dividend Income fund. We also reduced European Assets Trust.

#### Fixed Income

We have not added any new funds to this allocation over the period. We made an addition to our existing holding in Twenty-Four Select Monthly Income Fund and the two Royal London fund (Global Short Duration High Yield and Sterling Extra Yield). We also added to our exposure to Franklin Templeton Emerging Market Bond Fund. Our main focus in our fixed income exposure continues to be funds with low interest rate risk.

#### Specialist Assets

Early in the period we actively reduced the holding sizes of Greencoat UK Wind (UKW) and International Public Partnerships (INPP) based on their share price strength. The weighting of Sequoia Economic Infrastructure (SEI) also fell as the OEIC increased in size with inflows as we anticipated the trust would issue further equity at a lower price. Soon afterwards, it was indeed announced that SEI and UKW were to raise further equity at prices that were below the prevailing market price, which allowed us to bring weightings back up to target.

There have been good financial results within the specialist assets portfolio: In addition to strong financial performance, LondonMetric and Assura announced sensible strategic asset acquisitions which will help their future GP surgery and health centre property asset management strategies. In infrastructure John Lang Environmental Assets showed its investment into Anaerobic Digestion plants has performed well operationally and ahead of budget. Meanwhile, Hipgnosis Songs Fund has built up a well-diversified portfolio of songs across the genres of the last 30 or more years.

## INVESTMENT MANAGER'S REVIEW (Continued)

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In private equity we supported the second and third rounds of equity fund raising of Merian Chrysalis. We were pleased with the initial portfolio of pre-IPO companies within the trust since December, including Transferwise and Graphcore. Following the second-round equity raising the trust announced new private company investments for its portfolio: Embark, Klarna and Sorted. These well received investments helped build sufficient demand to support their £175m of issuance in the third round. Woodford Patient Capital Trust has been disappointing due chiefly to the wider problems within Woodford Investment Management. However, we engage regularly with the board and welcome the appointment of Schroders.

We have increased the target weight to Doric Nimrod Air 3 and reduced the amount ascribed for Doric Nimrod Air 2. This is in order to extend the date of expiry of A380 leases with Emirates the fund has exposure to and increase the length of income to come from the leases.

Towards the end of the 6-month period Hipgnosis Song Fund issued a line of further equity where we participated to help support its portfolio diversification of music royalties. Meanwhile, reflective of the eager demand from the market for infrastructure assets, further follow-on fund raises were announced and successfully completed by Sequoia Economic Infrastructure and International Public Partnerships meaning they issued twice in the 6-month period under the ongoing stock issuance programs. These programs continue to help broaden their portfolio and dilute their cost base.

### **Outlook**

We maintain our view that we are late in the cycle and many asset classes are richly valued particularly in the US. We proceed with caution and our focus is to build up the defensive characteristics of the portfolio. Examples of actions we have taken this year is to reduce equities and increase both gold and managed liquidity. Most of the macro environment remains negative with PMI's trending down, the continued US /China trade tensions and Brexit to name but a few current influences. The amount of negative yielding debt globally sits at an astonishing almost \$13 trillion with Greece recently joining the ranks.

The exceptional environment that we exist in creates exceptional risks, but it also creates exceptional opportunities. Markets are currently driven by central banks and fundamentals have been neglected. We see a huge divergence in valuations within asset classes. Globally we see the spread in valuation between value and growth to be at exceptional levels. In the UK we see the domestic companies that derive their earnings in Sterling trade at multiples less than half of their internationally focussed peers. We will continue to look through the short-term noise and focus on attractively valued opportunities with a long-term investment horizon.

**Seneca Investment Managers Limited**  
**Investment Manager to the Fund**

## PERFORMANCE RECORD

### Financial Highlights

#### A Income shares

	Period to 30 September 2019	Year to 31 March 2019	Year to 31 March 2018
	GBP	GBP	GBP
Changes in net assets per unit			
Opening net asset value per unit	93.0700	91.3400	93.6700
Return before operating charges	4.3059	8.0000	4.0100
Operating charges (note 1)	(1.7190)	(1.6700)	(1.7300)
Return after operating charges*	2.5869	6.3300	2.2800
Distributions	(2.2800)	(4.6000)	(4.6100)
Closing net asset value per unit	92.7631	93.0700	91.3400
*after direct transaction costs of:	0.0464	0.1400	0.0800
Performance			
Return after charges	2.78%	6.93%	2.43%
Other information			
Closing net asset value (£'000)	£36,879	£34,100	£33,819
Closing number of units	39,756,126	36,640,607	37,023,160
Operating charges (note 2)	1.85%	1.82%	1.81%
Direct transaction costs	0.05%	0.15%	0.09%
Prices			
Highest unit price	96.06	93.98	97.03
Lowest unit price	92.33	88.26	91.69

#### B Income shares

	Period to 30 September 2019	Year to 31 March 2019	Year to 31 March 2018
	GBP	GBP	GBP
Changes in net assets per unit			
Opening net asset value per unit	112.3600	109.7000	111.9100
Return before operating charges	12.6913	9.4900	4.6400
Operating charges (note 1)	(3.3978)	(1.2900)	(1.3300)
Return after operating charges*	2.7329	8.2000	3.3100
Distributions	(2.7544)	(5.5400)	(5.5200)
Closing net asset value per unit	112.3385	112.3600	109.7000
*after direct transaction costs of:	0.0562	0.1700	0.1000
Performance			
Return after charges	3.22%	7.47%	2.96%
Other information			
Closing net asset value (£'000)	£124,132	£94,723	£74,639
Closing number of units	110,498,135	84,304,194	68,037,780
Operating charges (note 2)	1.20%	1.17%	1.16%
Direct transaction costs	0.05%	0.15%	0.09%
Prices			
Highest unit price	116.04	113.44	116.27
Lowest unit price	111.72	106.38	110.11

## PERFORMANCE RECORD (Continued)

### N Income shares

	Period to 30 September 2019 GBP	Year to 31 March 2019 GBP	Year to 31 March 2018 GBP
Changes in net assets per unit			
Opening net asset value per unit	110.5300	108.1300	110.5300
Return before operating charges	4.1648	9.4100	4.5300
Operating charges (note 1)	(1.6016)	(1.5500)	(1.5900)
Return after operating charges*	2.5632	7.8600	3.0400
Distributions	(2.7081)	(5.4600)	(5.4400)
Closing net asset value per unit	110.3851	110.5300	108.1300
*after direct transaction costs of:	0.0552	0.1700	0.1000
Performance			
Return after charges	2.32%	7.27%	2.75%
Other information			
Closing net asset value	£772	£543	£385
Closing number of units	699,630	491,326	356,212
Operating charges (note 2)	1.45%	1.42%	1.41%
Direct transaction costs	0.05%	0.15%	0.09%
Prices			
Highest unit price	114.13	111.60	114.71
Lowest unit price	109.81	104.71	108.54

### I Income shares

	Period to 30 September 2019 GBP	3August 2018^ to 31 March 2019 GBP
Changes in net assets per unit		
Opening net asset value per unit	101.4900	100.0000
Return before operating charges	12.6913	5.0300
Operating charges (note 1)	(3.3978)	(0.6000)
Return after operating charges*	2.5907	4.4300
Distributions	(2.4888)	(2.9400)
Closing net asset value per unit	101.5919	101.4900
*after direct transaction costs of:	0.0508	0.1000
Performance		
Return after charges	2.55%	4.43%
Other information		
Closing net asset value (£'000)	£5,248	£5,243
Closing number of units	5,166,097	5,166,347
Operating charges (note 2)	0.95%	0.92%
Direct transaction costs	0.05%	0.15%
Prices		
Highest unit price	104.84	102.46
Lowest unit price	101.00	96.02

^Share class launched 3August 2018

## PERFORMANCE RECORD (Continued)

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1. The operating charges per unit figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.
2. The operating charges percentage is based on expenses incurred during the period annualised, as a proportion of the average net asset value of the Sub-Fund.

### **Risk Profile**

Based on past data, the Sub-Fund is ranked a '4' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Sub-fund is ranked 4 because funds of this type have experienced average rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases.



## PORTFOLIO STATEMENT

As at 30 September 2019 (unaudited)

<b>Holding</b>	<b>Security</b>	<b>Value £'000</b>	<b>% of Total Net Assets %</b>
	<b>Fixed Income Investments 33.65% (31.03.19: 33.17%)</b>		
	<b>Corporate Bonds 29.24% (31.03.19: 28.30%)</b>		
41,000	MI TwentyFour Dynamic Bond	4,543	2.72
160,600	Muzinich Short Duration High Yield	13,233	7.94
17,250,000	Royal London Short Duration High Yield	14,930	8.96
10,100,000	Royal London GBP Extra Yield Bond	10,837	6.50
5,635,000	TwentyFour Select Monthly Income	5,201	3.12
		<u>48,744</u>	<u>29.24</u>
	<b>Emerging Market Debt 4.41% (31.03.19: 4.87%)</b>		
1,198,700	Templeton Emerging Markets Bond	7,360	4.41
	<b>Total Fixed Income Investments</b>	<u>56,104</u>	<u>33.65</u>
	<b>Equity &amp; Equity Related 30.79% (31.03.19: 34.10%)</b>		
	<b>United Kingdom 18.03% (31.03.19: 20.01%)</b>		
800,000	A J Bell	3,344	2.01
562,500	Arrow Global	1,222	0.73
327,500	Babcock International	1,834	1.10
77,250	Bovis Homes Group	854	0.51
69,000	Britvic	678	0.41
1,000,000	BT	1,784	1.07
82,804	Clinigen	716	0.43
283,500	Essentra	1,201	0.72
664,184	Halfords	1,124	0.67
510,000	iShares Core FTSE 100	3,727	2.24
880,000	Kier	983	0.59
650,000	Legal & General	1,618	0.97
587,000	Marks & Spencer	1,087	0.65
1,595,000	Marston's	1,965	1.18
300,000	Morgan Advanced Materials	777	0.47
132,500	National Express	575	0.34
380,000	OneSavings Bank	1,401	0.84
217,500	Phoenix	1,507	0.90
180,000	Polypipe	726	0.43
1,120,000	Purplebricks	1,245	0.75
360,000	Senior	690	0.41
49,976	Ultra Electronics	1,010	0.61
	<b>Total United Kingdom</b>	<u>30,068</u>	<u>18.03</u>
	<b>Overseas 12.76% (31.03.19: 14.09%)</b>		
	<b>Continental Europe 2.61% (31.03.19: 3.38%)</b>		
700,000	European Assets	719	0.43
360,000	Invesco Perpetual European Equity Income	1,249	0.75
2,025,000	Liontrust European Enhanced Income	2,389	1.43
		<u>4,357</u>	<u>2.61</u>

## PORTFOLIO STATEMENT (Continued)

As at 30 September 2019 (unaudited)

<b>Holding</b>	<b>Security</b>	<b>Value £'000</b>	<b>% of Total Net Assets %</b>
	<b>Japan 1.04% (31.03.19: 0.73%)</b>		
164,600	Morant Wright Fuji Yield	1,728	1.04
	<b>Asia Pacific (Excluding Japan) 4.79% (31.03.19: 5.59%)</b>		
550,000	CIM Dividend Income	5,464	3.28
16,582,860	Prusik Asian Equity Income	2,527	1.51
	<b>Total Asia Pacific (Excluding Japan)</b>	<b>7,991</b>	<b>4.79</b>
	<b>Emerging Markets 0.94% (31.03.19: 1.07%)</b>		
148,000	Goodhart Partners HMG Global Emerging Markets Equity	1,573	0.94
	<b>Other Overseas 3.38% (31.03.19: 3.32%)</b>		
415,000	BlackRock World Mining	1,498	0.90
2,410,000	Investec Global Gold	4,126	2.48
	<b>Total Other Overseas</b>	<b>5,624</b>	<b>3.38</b>
	<b>Total Overseas</b>	<b>21,273</b>	<b>12.76</b>
	<b>Total Equity and Equity Related</b>	<b>51,341</b>	<b>30.79</b>
	<b>Alternative Investments 27.39% (31.03.19: 26.53%)</b>		
	<b>Hedge Funds 0.00% (31.03.19: 0.00%)</b>		
5,900,000	PSource Structured Debt	-	0.00
	<b>Private Equity 3.14% (31.03.19: 2.55%)</b>		
87,171	Aberdeen Private Equity	-	
802,666	International Oil and Gas Technology	-	
2,550,000	Merian Chrysalis	3,149	1.89
4,690,000	Woodford Patient Capital	2,091	1.25
	<b>Total Private Equity</b>	<b>5,240</b>	<b>3.14</b>
	<b>Property 6.51% (31.03.19: 6.53%)</b>		
2,280,885	AEW UK REIT	2,151	1.29
1,775,000	Assura	1,250	0.75
2,710,000	Ediston Property Investment	2,309	1.38
772,511	LondonMetric Property	1,683	1.01
930,000	Primary Health Properties	1,242	0.75
2,490,000	PRS REIT	2,216	1.33
14,000,000	Speymill Deutsche Immobilien	-	
	<b>Total Property</b>	<b>10,851</b>	<b>6.51</b>

## PORTFOLIO STATEMENT (Continued)

As at 30 September 2019 (unaudited)

		Value	% of Total Net Assets
	<b>Other Alternative 17.74% (31.03.19: 17.45%)</b>		
4,350,000	Barclays Bank PLC WTS 23/02/2018	-	0.00
681,971	Blue Capital Alternative Income	114	0.07
1,370,000	Doric Nimrod Air Two Pref shares	2,487	1.49
930,000	Doric Nimrod Air Three Pref shares	807	0.48
2,003,883	DP Aircraft I Ltd	1,323	0.79
5,500,000	Fair Oaks Income	3,353	2.01
1,184,955	Greencoat UK Wind	1,681	1.01
2,470,000	Hipgnosis Songs	2,655	1.59
33,000	Invesco Physical Markets PLC	3,874	2.33
2,400,000	International Public Partnership	3,701	2.22
1,570,000	John Laing Environmental Assets	1,853	1.11
2,345,000	RM Secured Direct Lending	2,380	1.43
2,686,720	Sequoia Economic Infrastructure Income	3,098	1.86
3,330,000	UK Mortgages	2,248	1.35
	<b>Total Other Alternative</b>	<u>29,574</u>	<u>17.74</u>
	<b>Total Alternative Investments</b>	<u>45,665</u>	<u>27.39</u>
	<b>Cash Equivalent Investments 3.96% (31.03.19: 7.51%)</b>		
6,574,000	Royal London Cash Plus	<u>6,597</u>	<u>3.96</u>
	<b>Portfolio of Investments (31.03.19: 101.31%)</b>	159,707	95.79
	<b>Net other assets (31.03.19: 1.31%)</b>	7,438	4.46
	<b>Adjustment to revalue assets from mid to bid prices (31.03.19: 0.00%)</b>	(423)	(0.25)
	<b>Net assets</b>	<u>166,722</u>	<u>100.00</u>

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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	<b>£'000</b>
<b>Total sales for the six months ended 30 September 2019</b>	<b>16,863</b>

### Major sales

AJ Bell	6,451
iShares MSCI Japan	1,664
iShares Core FTSE 100	1,658
CC Japan Income and Growth	1,049
SME Credit Realisation Fund	1,048
Marston's	649
Aberdeen Asian Income	565
Dairy Crest	511
International Public Partnership	358
Greencoat UK Wind	337

In addition, sales of £18,931,000 were made in short term investments in the period

## SUMMARY OF MATERIAL PORTFOLIO CHANGES (Continued)

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	<b>£'000</b>
<b>Total purchases for the six months ended 30 September 2019</b>	<b>43,523</b>
<b>Major purchases</b>	
iShares Core FTSE 100	5,446
Royal London Short Duration High Yield Bond	3,455
Investec Physical Gold	3,454
Muzinich Short Duration High Yield Bond	3,364
Royal London Sterling Extra Yield Bond	2,663
Woodford Patient Capital	1,719
Morant Wright Fuji Yield	1,683
iShares MSCI Japan	1,670
Purplebricks	1,299
Hipgnosis Songs	1,132

In addition, purchases of £15,411,000 were made in short term investments in the period

## STATEMENT OF TOTAL RETURN

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For the six months ended 30 September 2019 (unaudited)

	£'000	30.09.19 £'000	30.09.18 £'000
Income			
Net capital (losses)/gains		(268)	154
Revenue	4,148		3,467
Expenses	(808)		(600)
Interest payable and similar charges	-		(1)
Net revenue before taxation	<u>3,340</u>		<u>2,866</u>
Taxation	<u>(140)</u>		<u>(185)</u>
Net revenue after taxation		<u>3,200</u>	<u>2,681</u>
Total return before distributions		2,932	2,835
Finance costs: distributions		<u>(3,706)</u>	<u>(2,829)</u>
<b>Change in net assets attributable to shareholders from investment activities</b>		<u><u>(774)</u></u>	<u><u>6</u></u>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 30 September 2019 (unaudited)

	30.09.19 £'000	30.09.18 £'000
<b>Opening net assets attributable to shareholders</b>	134,609	108,843
Amounts receivable on creation of shares	36,776	12,022
Amounts payable on cancellation of shares	(3,889)	(2,280)
Unclaimed distributions	-	2
Change in net assets attributable to shareholders from investment activities (see above)	<u>(774)</u>	<u>6</u>
<b>Closing net assets attributable to shareholders</b>	<u><u>166,722</u></u>	<u><u>118,593</u></u>

The Investment Association SORP requires that comparatives are shown for the above report. As comparatives are shown for the comparable interim period the net asset value at the end of the period will not agree to the net asset value at the start of the period. The Company net asset value as at 31 March 2019 was £134,609,000.

## BALANCE SHEET

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As at 30 September 2019 (unaudited)

	30.09.19		31.03.19	
	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>				
Investment assets		159,284		136,367
<b>CURRENT ASSETS</b>				
Debtors	2,957		1,779	
Cash and bank balances	<u>7,129</u>		<u>767</u>	
<b>Total current assets</b>		<u>10,086</u>		<u>2,546</u>
<b>Total assets</b>		169,370		138,913
<b>CURRENT LIABILITIES</b>				
<b>Creditors</b>				
Distribution payable	(683)		(614)	
Other creditors	(1,422)		(3,690)	
Bank overdraft	<u>(543)</u>		<u>-</u>	
<b>Total current liabilities</b>		<u>(2,648)</u>		<u>(4,304)</u>
<b>Net assets attributable to shareholders</b>		<u>166,722</u>		<u>134,609</u>

### Accounting Policies

The accounting policies applied are consistent with those of the financial statements for the year ended 31 March 2019 and are described in those financial statements.

The financial statements have been prepared in accordance with the Statement of Recommended Practice ('SORP') Authorised Funds issued by the Investment Association in May 2014.

## DISTRIBUTION TABLES

### Interim distributions in pence per share

Group 1 – Shares purchased prior to 01 April 2019

Group 2 – Shares purchased on or after 01 April 2019 and on or before 30 April 2019

30 April 2019 (First Interim)

<b>'A' Accumulation Shares</b>	<b>Distribution paid 31.05.2019</b>	<b>Equalisation</b>	<b>Distribution paid 31.05.2019</b>	<b>Distribution paid 31.05.2018</b>
Group 1	0.3800	-	0.3800	0.3800
Group 2	0.1124	0.2676	0.3800	0.3800

<b>'B' Accumulation Shares</b>	<b>Distribution paid 31.05.2019</b>	<b>Equalisation</b>	<b>Distribution accumulated 31.05.2019</b>	<b>Distribution paid 31.05.2018</b>
Group 1	0.4588	-	0.4588	0.4564
Group 2	0.1612	0.2976	0.4588	0.4564

<b>'N' Accumulation Shares</b>	<b>Distribution paid 31.05.2019</b>	<b>Equalisation</b>	<b>Distribution paid 31.05.2019</b>	<b>Distribution paid 31.05.2018</b>
Group 1	0.4514	-	0.4514	0.4500
Group 2	0.0000	0.4514	0.4514	0.4500

<b>'I' Accumulation Shares</b>	<b>Distribution paid 31.05.2019</b>	<b>Equalisation</b>	<b>Distribution paid 31.05.2019</b>	<b>Distribution paid 31.05.2018</b>
Group 1	0.4145	-	0.4145	-
Group 2	0.4145	-	0.4145	-

Group 1 – Shares purchased prior to 01 May 2019

Group 2 – Shares purchased on or after 01 May 2019 and on or before 31 May 2019

31 May 2019 (Second Interim)

<b>'A' Accumulation Shares</b>	<b>Distribution paid 30.06.2019</b>	<b>Equalisation</b>	<b>Distribution paid 30.06.2019</b>	<b>Distribution paid 30.06.2018</b>
Group 1	0.3800	-	0.3800	0.3800
Group 2	0.1660	0.2140	0.3800	0.3800

<b>'B' Accumulation Shares</b>	<b>Distribution paid 30.06.2019</b>	<b>Equalisation</b>	<b>Distribution paid 30.06.2019</b>	<b>Distribution paid 30.06.2018</b>
Group 1	0.4592	-	0.4592	0.4565
Group 2	0.2192	0.2400	0.4592	0.4565

<b>'N' Accumulation Shares</b>	<b>Distribution paid 30.06.2019</b>	<b>Equalisation</b>	<b>Distribution paid 30.06.2019</b>	<b>Distribution paid 30.06.2018</b>
Group 1	0.4515	-	0.4515	0.4499
Group 2	0.0459	0.4056	0.4515	0.4499

<b>'I' Accumulation Shares</b>	<b>Distribution paid 30.06.2019</b>	<b>Equalisation</b>	<b>Distribution paid 30.06.2019</b>	<b>Distribution paid 30.06.2018</b>
Group 1	0.4148	-	0.4148	-
Group 2	0.4148	-	0.4148	-



## DISTRIBUTION TABLES (Continued)

### Interim distributions in pence per share (continued)

Group 1 – Shares purchased prior to 01 June 2019

Group 2 – Shares purchased on or after 01 June 2019 and on or before 30 June 2019

30 June 2019 (Third Interim)

<b>'A' Accumulation Shares</b>	<b>Distribution paid 31.07.2019</b>	<b>Equalisation</b>	<b>Distribution paid 31.07.2019</b>	<b>Distribution paid 31.07.2018</b>
Group 1	0.3800	-	0.3800	0.3800
Group 2	0.1460	0.2340	0.3800	0.3800

<b>'B' Accumulation Shares</b>	<b>Distribution paid 31.07.2019</b>	<b>Equalisation</b>	<b>Distribution paid 31.07.2019</b>	<b>Distribution paid 31.07.2018</b>
Group 1	0.4595	-	0.4595	0.4565
Group 2	0.1795	0.2800	0.4595	0.4565

<b>'N' Accumulation Shares</b>	<b>Distribution paid 31.07.2019</b>	<b>Equalisation</b>	<b>Distribution paid 31.07.2019</b>	<b>Distribution paid 31.07.2018</b>
Group 1	0.4517	-	0.4517	0.4499
Group 2	0.1287	0.3230	0.4517	0.4499

<b>'I' Accumulation Shares</b>	<b>Distribution paid 31.07.2019</b>	<b>Equalisation</b>	<b>Distribution paid 31.07.2019</b>	<b>Distribution paid 31.07.2018</b>
Group 1	0.4150	-	0.4150	-
Group 2	0.4150	-	0.4150	-

Group 1 – Shares purchased prior to 01 July 2019

Group 2 – Shares purchased on or after 01 July 2019 and on or before 31 July 2019

31 July 2019 (Fourth Interim)

<b>'A' Accumulation Shares</b>	<b>Distribution paid 31.08.2019</b>	<b>Equalisation</b>	<b>Distribution paid 31.08.2019</b>	<b>Distribution paid 31.08.2018</b>
Group 1	0.3800	-	0.3800	0.3800
Group 2	0.1580	0.2220	0.3800	0.3800

<b>'B' Accumulation Shares</b>	<b>Distribution paid 31.08.2019</b>	<b>Equalisation</b>	<b>Distribution paid 31.08.2019</b>	<b>Distribution paid 31.08.2018</b>
Group 1	0.4585	-	0.4585	0.4569
Group 2	-0.0015	0.4600	0.4585	0.4569

<b>'N' Accumulation Shares</b>	<b>Distribution paid 31.08.2019</b>	<b>Equalisation</b>	<b>Distribution paid 31.08.2019</b>	<b>Distribution paid 31.08.2018</b>
Group 1	0.4507	-	0.4507	0.4501
Group 2	0.0000	0.4507	0.4507	0.4501

<b>'I' Accumulation Shares</b>	<b>Distribution paid 31.08.2019</b>	<b>Equalisation</b>	<b>Distribution paid 31.08.2019</b>	<b>Distribution paid 31.08.2018</b>
Group 1	0.4144	-	0.4144	-
Group 2	0.4144	-	0.4144	-

## DISTRIBUTION TABLES (Continued)

### Interim distributions in pence per share (continued)

Group 1 – Shares purchased prior to 01 August 2019

Group 2 – Shares purchased on or after 01 August 2019 and on or before 31 August 2019

31 August 2019 (Fifth Interim)

<b>'A' Accumulation Shares</b>	<b>Distribution paid 30.09.2019</b>	<b>Equalisation</b>	<b>Distribution paid 30.09.2019</b>	<b>Distribution paid 30.09.2018</b>
Group 1	0.3800	-	0.3800	0.3800
Group 2	0.3497	0.0303	0.3800	0.3800

<b>'B' Accumulation Shares</b>	<b>Distribution paid 30.09.2019</b>	<b>Equalisation</b>	<b>Distribution paid 30.09.2019</b>	<b>Distribution paid 30.09.2018</b>
Group 1	0.4590	-	0.4590	0.4569
Group 2	0.4413	0.0177	0.4590	0.4569

<b>'N' Accumulation Shares</b>	<b>Distribution paid 30.09.2019</b>	<b>Equalisation</b>	<b>Distribution paid 30.09.2019</b>	<b>Distribution paid 30.09.2018</b>
Group 1	0.4512	-	0.4512	0.4502
Group 2	-0.0025	0.4537	0.4512	0.4502

<b>'I' Accumulation Shares</b>	<b>Distribution paid 30.09.2019</b>	<b>Equalisation</b>	<b>Distribution paid 30.09.2019</b>	<b>Distribution paid 30.09.2018</b>
Group 1	0.4148	-	0.4148	0.1650
Group 2	0.4148	-	0.4148	0.1650

Group 1 – Shares purchased prior to 01 September 2019

Group 2 – Shares purchased on or after 01 September 2019 and on or before 30 September 2019

30 September 2019 (Sixth Interim)

<b>'A' Accumulation Shares</b>	<b>Distribution paid 31.10.2019</b>	<b>Equalisation</b>	<b>Distribution paid 31.10.2019</b>	<b>Distribution paid 31.10.2018</b>
Group 1	0.3800	-	0.3800	0.3800
Group 2	0.1063	0.2737	0.3800	0.3800

<b>'B' Accumulation Shares</b>	<b>Distribution paid 31.10.2019</b>	<b>Equalisation</b>	<b>Distribution paid 31.10.2019</b>	<b>Distribution paid 31.10.2018</b>
Group 1	0.4594	-	0.4594	0.4573
Group 2	0.1307	0.3287	0.4594	0.4573

<b>'N' Accumulation Shares</b>	<b>Distribution paid 31.10.2019</b>	<b>Equalisation</b>	<b>Distribution paid 31.10.2019</b>	<b>Distribution paid 31.10.2018</b>
Group 1	0.4516	-	0.4516	0.4504
Group 2	0.1199	0.3317	0.4516	0.4504

<b>'I' Accumulation Shares</b>	<b>Distribution paid 31.10.2019</b>	<b>Equalisation</b>	<b>Distribution paid 31.10.2019</b>	<b>Distribution paid 31.10.2018</b>
Group 1	0.4153	-	0.4153	0.2898
Group 2	0.4153	-	0.4153	0.2898

### EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. 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.

## INFORMATION FOR INVESTORS

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### **Authorised Status**

The VT Seneca Investment Funds is incorporated in England and Wales as an ICVC under registration number IC000342. The shareholders are not liable for the debts of the Company.

The Company is authorised by the FCA as a UCITS Scheme under the COLL Sourcebook and is an umbrella company for the purposes of the OEIC Regulations with each fund being a UCITS scheme. The effective date of the authorisation order made by the FSA (predecessor of the FCA) was 5 October 2004.

### **Head Office**

Valu-Trac Investment Management Limited, Level 13, Broadgate Tower, 20 Primrose Street, London, EC2A 2EW.

### **Base Currency**

The base currency of the Company is Pounds Sterling.

### **Share Capital**

The minimum share capital of the Company is £1 and the maximum is £100,000,000,000.

### **Structure of the Company**

The VT Seneca Investment Funds is structured as an umbrella company. Provision exists for an unlimited number of sub-funds, and at the date of this report two sub-funds, The VT Seneca Diversified Growth Fund and The VT Seneca Diversified Income Fund are authorised.

### **Classes of Shares**

The Company can issue different classes of share in respect to any sub-fund.

Holders of income shares are entitled to be paid the revenue attributable to such shares in respect of each accounting period.

### **Valuation Point**

The scheme property of the Company and each sub-fund will normally be valued at 12:00 mid-day on each dealing day for the purpose of calculating the price at which shares in the Company may be issued, sold, repurchased or redeemed.

The ACD reserves the right to revalue the Company or any sub-fund at any time if it considers it desirable to do so, with the Depositary's approval.

### **Buying and Selling of Shares**

The ACD will accept orders for the purchase and sale of shares on normal business days between 8:30am and 5:30pm. Instructions to buy or sell shares may either be in writing to:

Valu-Trac Investment Management Limited  
Orton, Fochabers, Moray, IV32 7QE  
Or by email to: [seneca@valu-trac.com](mailto:seneca@valu-trac.com)

A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

### **Pricing Basis**

There is a single price for buying, selling and switching shares in a sub-fund which represents the net asset value of the sub-fund concerned. The share price is calculated on a forward pricing basis, that is at the next valuation point after the purchase or redemption is deemed to be accepted by the ACD.

The prices of shares are published daily on the Investment Association website at [www.fundlistings.com](http://www.fundlistings.com). Neither, the ACD nor the Company can be held responsible for any errors in the publication of the prices. The shares in the Company will be issued and redeemed on a forward pricing basis which means that the price will not necessarily be the same as the published price.

### **Other Information**

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected free of charge at the office of the ACD which is also the Head Office of the Company and copies may be obtained upon application.

## CORPORATE DIRECTORY

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<b>Authorised Corporate Director, Administrator &amp; Registrar</b>	<p>Valu-Trac Investment Management Limited Orton Moray IV32 7QE</p> <p>Telephone: 01343 880344 Fax: 01343 880267 E-mail: <a href="mailto:seneca@valu-trac.com">seneca@valu-trac.com</a></p> <p>Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648</p>
<b>Director</b>	Valu-Trac Investment Management Limited as ACD
<b>Investment Manager</b>	<p>Seneca Investment Managers Limited Tenth Floor Horton House Exchange Flags Liverpool L2 3YL</p> <p>Both authorised and regulated by the Financial Conduct Authority</p>
<b>Depository</b>	<p>NatWest Trustee and Depository Services Limited Drummond House 2nd Floor, 1 Redheughs Avenue Edinburgh EH12 9RH</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
<b>Auditor</b>	<p>Johnston Carmichael LLP Chartered Accountants Commerce House South Street Elgin IV30 1JE</p>