

VT Seneca Diversified Income Fund

For professional advisers only

Month end May 2019



Research area

Asset allocation
UK equities
Specialist assets
Fixed Income & Overseas Eq (EM)
Fixed Income & Overseas Eq (Dev)

Investment team

Peter Elston - chief investment officer
Mark Wright - fund manager
Richard Parfect - fund manager*
Tom Delic - fund manager *
Gary Moglione - fund manager

* Portfolio oversight (process implementation, cash and cashflow management)

Investment aim

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

Income

Historic net yield ¹	4.9%
Distributions	monthly

5 year performance chart (%)



Commentary

- Equity markets finally succumbed to gravity in May and fell sharply, following four months of gains.
- The falls related to rising fears over global economic growth, which saw safe haven bonds continue to perform well, the implied probability of two cuts in the Fed Funds rate rising to 48%, the US yield curve moving further into negative territory, and the US purchasing manager survey fall sharply.
- There were no asset allocation changes during the month.
- Marston's released a good set of interim results in which all divisions exhibited underlying growth in revenue and profit.
- Marks & Spencer launched its rights issue to fund its JV with Ocado. The terms were more dilutive than expected. We intend to take up the rights in full.
- Within Asian equities, an additional investment was made to the CIM Dividend Income Fund, in order to bring the weight towards our target.
- Within Fixed Income, we added to the two Royal London funds and the Templeton Emerging Markets Bond Fund.
- LondonMetric and Assura both announced solid full year results demonstrating solid asset management qualities and also announced asset acquisitions to strengthen their portfolios.
- International Public Partnerships saw its shares marked down on renewed concerns over the energy network nationalisation plans of the Labour party. The legal ability to execute such plans appears questionable.

Cumulative performance (%)	3 months	6 months	1 year	3 years	5 years	Since launch
VT Seneca Diversified Income Fund	2.2	8.7	6.7	27.1	36.1	135.9
IA Mixed Investment 20-60% Shares	2.1	3.2	0.6	17.3	22.9	106.9

Discrete annual performance (%)	31.05.2019	31.05.2018	31.05.2017	31.05.2016	31.05.2015
VT Seneca Diversified Income Fund	6.7	2.0	16.8	-0.2	7.3
IA Mixed Investment 20-60% Shares	0.6	2.1	14.2	-2.6	7.6

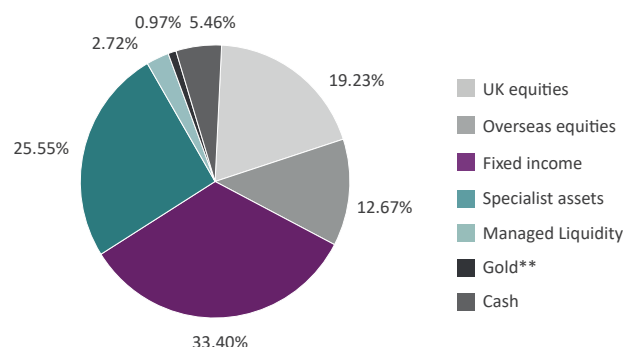
Source for all performance data: FE Analytics. Basis: Bid to bid, net income reinvested and net of fees in UK Sterling terms. The information on this factsheet is as at 31.05.2019 and refers to the 'B' share class with the exception of performance prior to 26.03.2012 which is calculated using the 'A' share class, unadjusted for the lower fees of the 'B' share class.

Past performance is not a guide to future returns. The value of investments and any income may fluctuate and investors may not get back the full amount invested.



VT Seneca Diversified Income Fund

Asset breakdown



Source: Seneca IM

Top five holdings

UK Direct Equities*	
1. AJ Bell Holdings Limited	6.7 %
2. Marston's	1.4 %
3. BT Group	1.0 %
4. Babcock Intl Group	0.9 %
5. Phoenix Group Holdings	0.9 %

Overseas Equities	
1. CIM Dividend Income Fund	3.2 %
2. Investec Global Gold	2.0 %
3. Prusik Asian Equity	1.7 %
4. Liontrust European Enhanced Income	1.5 %
5. HMG Global Emerging Markets Equity Fund	1.0 %

Fixed Income	
1. Royal London Short Duration Global High Yield Bond Fund	9.1 %
2. Muzinich Short Duration High Yield Fund	7.6 %
3. Royal London Sterling Extra Yield Bond Fund	6.4 %
4. Templeton Emerging Markets Bond Fund	4.8 %
5. TwentyFour Select Monthly Income Fund	3.5 %

Specialist Assets	
1. International Public Partnership	2.2 %
2. Fair Oaks Income Fund	1.8 %
3. Doric Nimrod Air Two	1.7 %
4. Merian Chrysalis	1.7 %
5. RM Secured Direct Lending	1.6 %

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

Source: Seneca IM

Key facts

Launch date	8 April 2002
Size	£149.33m
A Class month end price	93.74p
B Class month end price	113.27p
N Class month end price	111.39p
Total holdings	61
IA sector	Mixed Investment 20-60% shares
Share type	Monthly income only
Valuation point	12:00 midday

Share class info	A	B	N
OCF*	1.79%	1.14%	1.39%
Min lump sum	£3,000	£100,000	£1,000
Min reg saver	£50	-	£50
ISIN	GB0031467961	GB00B7JTF560	GB00B61Y0911
SEDOL	3146796	B7JTF56	B61Y091

* Based on expenses as at 21.05.2019

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On 24 May 2019 the ACD of the fund changed to Valu-Trac Investment Management Limited. On that date the name of the fund changed to VT Seneca Diversified Income Fund.

Important information

** Exposure to physical gold is achieved through investments in exchange traded certificates (ETC) which aim to provide the performance of gold, as measured by the LBMA Gold Price (PM), which is a recognised benchmark for gold. A Gold ETC is a certificate which is secured by gold bullion, held within the vaults of a nominated custodian.

1. The Historic Yield reflects distributions declared over the past twelve months as a percentage of the unit price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. A portion of the fund's expenses are charged to Capital. This has the effect of increasing the distribution(s) for the year and constraining the fund's capital performance to an equivalent extent.

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Multi-Asset Value Investing