

Share class: A

Base currency: GBP

Fund objective: Income

## Monthly Commentary

**Historic Net Yield for the Fund: 5.4%** (as at 30.06.2014)

The Fund fell slightly over the month of June by -0.7% which was behind the -0.3% return by the peer group. However, the year to date performance of +1.7% remains reasonable given the lack of positive direction from the market. We feel the second half of the year should build on the firm foundation of the first half and the income generation within the portfolio is consistent with continuing to deliver a yield comfortably above 5%. The level of volatility displayed by the Fund on a three year cumulative annualised measure is 7%. We are comfortable with this level as the risk of reducing it too far is that the return achieved by the Fund becomes unacceptably low.

Markets generally stuttered in June, with all the UK Equity indices down. Large-caps were down -1.2% and Mid-caps fell -1.6%. Europe fared little better, falling -2.4% in Sterling terms, however much of this fall was due to strengthening of Sterling over the month following Mark Carney's indication that UK interest rates are more likely to increase this year. In the US the S&P 500 rose over +2% in local currency terms but again, the strength of Sterling eroded that to just +0.1% for Sterling based investors. Back in the UK, the performance of Gilts returned to negative territory over the month -0.5%, again due chiefly to a reset of interest rate expectations following Mark Carney's speech.

While there was a degree of general transactional activity, larger and more notable examples were: commencement of a new position in Londonmetric, a UK REIT which is diversifying its asset base away from the South East and towards undervalued prime property in the regions. We exited Centrica as we feel more comfortable investing in less politicised areas and sectors. Within Fixed Interest, we allocated more capital to emerging market debt funds; AXA World Funds Emerging Market Short Duration and also Franklin Templeton Emerging Market Bond Fund, however we rotated some capital out of Templeton Global Total Return Fund, which at \$35bn has become a very large fund, albeit due in part to the manager's strong performance. Finally, we participated in the launch of Fair Oaks Income Fund which is a vehicle designed to originate and negotiate collateralised loan obligations and alternative financing structures for corporate loans. We have successfully invested with the manager in the past and we believe he is well placed to benefit from the opportunities in this specialist market area.

As we commented last month; we believe the Fund is well balanced between providing a degree of protection should markets return to weakness, whilst still earning a relatively high level of income. As always there are risks to be faced, not least the recurrent problems in the Middle East and the debate over China's slowdown. Closer to home, the Scottish referendum is likely to create some degree of nervousness. However, in a broad sense we remain cautiously optimistic about market prospects.

## Cumulative Performance (%)

	YTD	1 year	3 years	5 years	Since launch
<b>Fund</b>	+1.7	+7.0	+14.7	+48.6	+70.1
<b>Sector average</b>	+2.2	+7.1	+17.0	+46.5	+67.8

## Discrete Annual Performance (%)

	30.06.2014	30.06.2013	30.06.2012	30.06.2011	30.06.2010
<b>Fund</b>	+7.0	+13.5	-5.6	+13.4	+14.2
<b>Sector average</b>	+7.1	+10.1	-0.7	+9.8	+14.1

## Fund Managers

### Alan Borrows

Lead manager since April 2002 (inception)  
 Years in industry 34 years  
 Time with company 12 years



### Richard Perfect

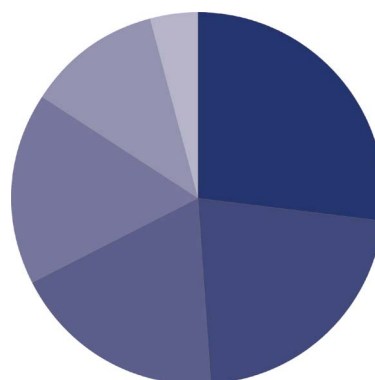
Deputy manager since July 2010  
 Years in industry 18 years  
 Time with company 12 years

## Investment Objective

The investment objective of the CF 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, 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.

## Asset Breakdown



UK Equities	27.2
Overseas Equities	21.9
Overseas Fixed Interest	18.4
Alternative Assets	16.7
Corporate Bonds	11.7
Property	4.1

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### Key Facts

Fund Launch Date	8 April 2002
Fund Size	£127.1m
A Class month end unit price	90.75p
B Class month end unit price	106.94p
N Class month end unit price	106.17p
Number of Holdings	76
IMA Sector	IMA Mixed Investment 20-60% Shares
Type of Share	Income
Max. Initial Charge	5.00% (fully discounted)
Valuation Point	12:00 midday

### Three Year Fund Statistics

	Fund	Sector Average
Annualised Volatility %	7.0	6.0
Annualised Alpha %	-1.1	0.0
Beta	1.1	1.0
FE Risk Rating	40	39

**Annualised Volatility:** A measure which describes the fluctuation of a fund's price over time. While volatility is specific to a fund's particular mix of investments, higher volatility is generally considered to equate to higher risk.

**Annualised Alpha:** A measure of a fund's performance by comparison to its sector representing the return of the fund when the sector is assumed to have a return of zero and indicates the extra value that the manager's activities have contributed.

**Beta:** A statistical estimate of a fund's volatility by comparison to that of its sector. A fund with a Beta close to 1 means that the fund will move generally in line with the sector. Higher than 1 and the fund is more volatile than the sector.

**FE Risk Rating:** Measures the volatility of the fund relative to the FTSE 100 index, which has a risk rating of 100. Funds more volatile than the FTSE 100 have a score above 100 and vice versa.

### Financial Calendar

Dividend History	
First (15 Jun 14)	1.18p
Fourth (15 Mar 14)	1.23p
Third (15 Dec 13)	1.25p
Second (15 Sep 13)	1.20p
Historic Net Yield	5.4%

### Top 5 Holdings (%)

AJ Bell Holdings Ltd*	4.6
Midas Income & Growth Trust plc	4.2
Royal London GBP Extra Yield Bond Fund	3.7
Ballie Gifford High Yield Bond Fund	3.3
Royal London Short Duration GHY Bond Fund	3.2

\*Unquoted Investment

### Performance Since Inception (%)



### Share Class Information

Share class	Ongoing charges <sup>1</sup>	Minimum Lump Investment	Minimum Regular Saver	ISIN
A	1.94%	£3,000	£50	GB00B31467961
B	1.29%	£100,000	N/A	GB00B7JTF560
N	1.54%	£1,000	£50	GB00B61Y0911

1. Based on expenses as at 15.01.2014

### Contact Us

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Capita Dealing Line

0845 608 1497

Lines are open from 9am to 5pm (Monday to Friday excluding Bank Holidays). Telephone calls to the dealing line may be recorded for monitoring and training purposes

### Important Information

The information on this factsheet is as at 30.06.2014 and refers to the A share class unless stated otherwise. 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. This fund may experience high volatility due to the composition of the portfolio or the portfolio management techniques used. The views expressed are those of the fund manager at the time of writing and are subject to change without notice. They are not necessarily the views of Seneca Investment Managers and do not constitute investment advice. Whilst Seneca Investment Managers has used all reasonable efforts to ensure the accuracy of the information contained in this communication, we cannot guarantee the reliability, completeness or accuracy of the content.

This document is provided for the purpose of information only and if you are unsure of the suitability of this investment you should take independent advice. Before investing you should read the key investor information document (KIID) as it contains important information regarding the fund, including charges, tax and fund specific risk warnings and will form the basis of any investment.

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.

The prospectus, KIID and application forms are available from Capita Financial Managers, the Authorised Corporate Director of the Fund (0845 608 1497). Seneca Investment Managers Limited, the Investment Manager of the Fund (0151 906 2450) is authorised and regulated by the Financial Conduct Authority and is registered in England No. 4325961 with its registered office at Tenth Floor, Horton House, Exchange Flags, Liverpool, L2 3YL.

Source for all performance data: FE Analytics. Basis: Bid to bid, net income reinvested and net of fees in UK Sterling terms. FP14/35.