

# Diversified Income Fund Unit Class 2 - For local authorities and public sector organisations

Fact Sheet – 31 March 2019

## Investment objective

To provide a balanced return from income and capital growth over time from a portfolio structured to control relative risk.

## Investment policy

The portfolio will be actively managed and may invest in a wide range of potential assets. The control of relative risk will be an important influence on structure and strategy.

## Suitability

The Fund is suitable for long term investors seeking a balanced return of income and capital growth for whom control of relative risk is important.

## Who can invest?

Any local authority and public sector investor in England, Wales, Scotland and Northern Ireland. Investors should note that there is a minimum investment in the Fund of £1million.

## Responsible investment policy

Information about the ethical and responsible policies to be followed by the Diversified Income Fund is available from the Investment Manager's website [www.ccla.co.uk](http://www.ccla.co.uk).

## Income

The Fund distributes income on a quarterly basis. As at 31 March 2019 the dividend yield on price was 3.25%. This is based on the last 12 months' dividend of 4.88p.

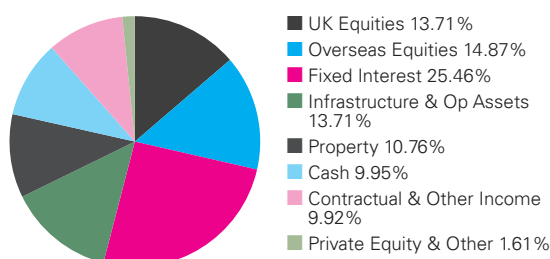
## Fund update

The Fund is diversified and actively managed at both asset and individual holding level. There was no substantial change to portfolio strategy or structure in the latest period.

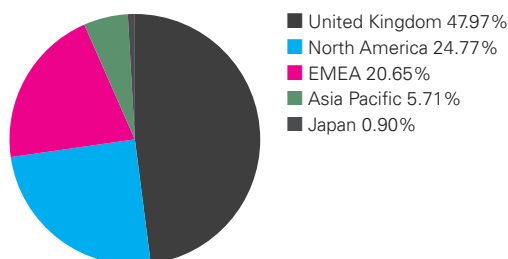
The equity section has been the busiest part of the portfolio. We added to overall exposure following the market weakness evident in the final weeks of 2018. Purchases were of good-quality companies able to sustain their growth in an environment of a moderating economic upswing. They include Adidas, Beiersdorf (consumer products - Nivea), Wolters Kluwer (business information) and Sika (seals and adhesives). Next Era (energy provision) was added as a greener and cheaper alternative to Duke Energy. We took profits on Greggs and sold UnitedHealth on concerns of stronger drug price regulation. At the sector level, there are positive biases towards the consumer sectors, health care and financials (but not the banks), balanced by below index weightings in energy and utilities - traditional homes for many income-seeking investors.

Elsewhere we have remained defensive in our fixed income strategy, with a duration shorter than that on the benchmark and exposure only to investment grade assets. The infrastructure weighting has fallen following the takeover of one of the holdings and we have become a little more defensive in the contractual income sector.

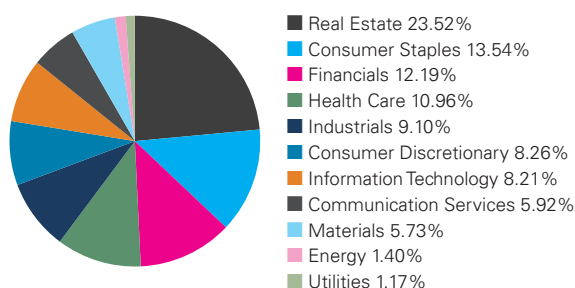
## Asset allocation at 31 March 2019



## Equity portfolio geographical breakdown at 31 March 2019



## Equity portfolio sector breakdown at 31 March 2019



## Discrete year total return performance (gross)

12 months to 31 March	2019
Diversified Income Fund - Unit Class 2	+7.39%
Comparator	+5.26%

Comparator – composite: from 24.03.17 MSCI UK IMI 20%, MSCI North America 6.67%, MSCI Europe ex UK 6.67%, MSCI Pacific 6.67%, Market iBoxx £ Gilts 30% & Market iBoxx £ Non-Gilts 30%. Source: CCLA. Past performance is not a reliable indicator of future results.

## Most overweight companies relative to equity indices at 31 March 2019

Civitas Social Housing	2.29%	McDonald's Corp	1.73%
Heineken Nv	2.15%	Iress Ltd	1.58%
Hkt Trust and Hkt Ltd-Ss	2.05%	Sonic Healthcare Ltd	1.58%
Nestle Sa-Reg	2.02%	Cembra Money Bank Ag	1.56%
Pfizer Inc	1.74%	Sgs Sa-Reg	1.52%

## Key facts

Fund size	£144m
Number of holdings	186
Price	£1.50
Fund launch date	2 December 2016
Unit Class 2 launch date	24 March 2017
Minimum initial investment	£1m
Minimum subsequent investment	£25,000
Dealing	Daily*
Sedol number	BDS68Q2
ISIN number	GB00BDS68Q24
Dividend payment dates	End February, May, August & November
Annual management charge (taken 100% from capital)	0.60%

\*The Dealing Deadline is normally 12 noon London time on a Dealing Day. The Valuation Point is normally 3pm on a Dealing Day.

## Risk warning and disclosures

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