

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

Fact Sheet – 30 September 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.

Income

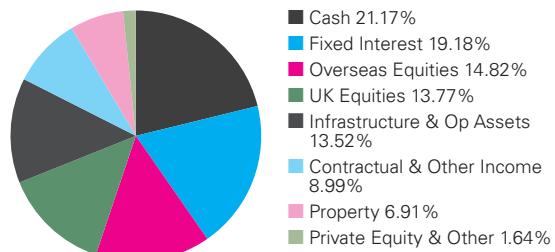
The Fund distributes income on a quarterly basis. As at 30 September 2019 the dividend yield on price was 3.20%. This is based on the last 12 months' dividend of 4.96p.

Fund update

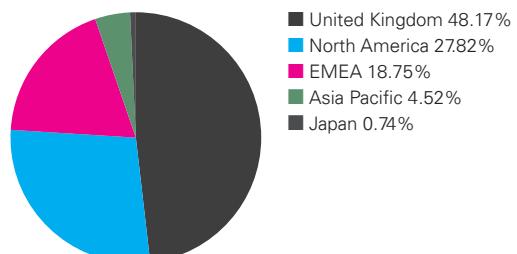
The Fund has a diversified portfolio which is actively managed at both the asset and individual holding level. In the quarter to the end of September, there were no substantial changes to strategy or to overall structure.

In the bond portfolio we sold the holdings in the US Government bonds, part of the proceeds was re-invested in UK government issues. Overall, the structure of the fixed interest sectors remains defensive with a duration below that of the benchmark and holdings only in top-quality bonds. In the equity section we added new holdings including Telus, a Canadian telecoms company and Merck, a leading pharmaceutical group. Sales included Greggs and Beiersdorf, both after very strong performances. Overall cash balances rose reflecting a slightly more defensive stance. Equity stock selection supported returns, but the low weighting to bonds and the defensive nature of the bond holdings at a time of a strong sector rally, was unhelpful. The property holdings also declined as Brexit concerns and the problem of the retail sector weighed on sentiment.

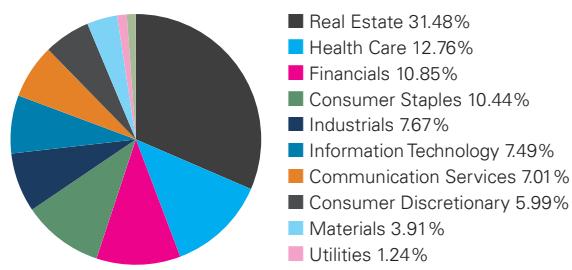
Asset allocation at 30 September 2019



Equity portfolio geographical breakdown at 30 September 2019



Equity portfolio sector breakdown at 30 September 2019



Discrete year total return performance (gross)

12 months to 30 September	2019
Diversified Income Fund - Unit Class 2	+7.16%
Comparator	+9.19%
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%, Markit 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 30 September 2019

Target Healthcare REIT	5.14%	Cembra Money Bank	1.62%
Verizon Communications	1.97%	Pfizer	1.58%
Heineken	1.88%	Sonic Healthcare	1.55%
Stryker Corp	1.85%	Merck & Co.	1.54%
Roche Holding	1.79%	Medtronic	1.48%

Key facts

Fund size	£172m
Number of holdings	186
Price	£1.55
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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