

Seneca Global Income & Growth Trust plc

Half-Yearly Financial Report

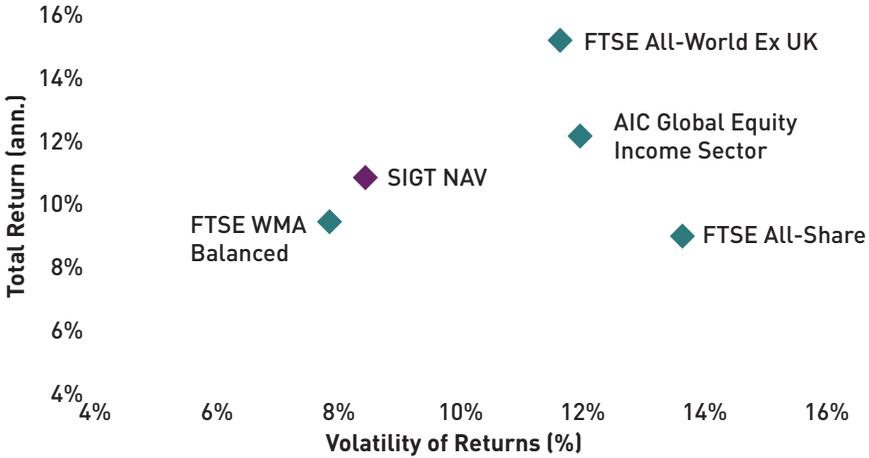
Six months ended 31 October 2016



Multi-Asset Value Investing

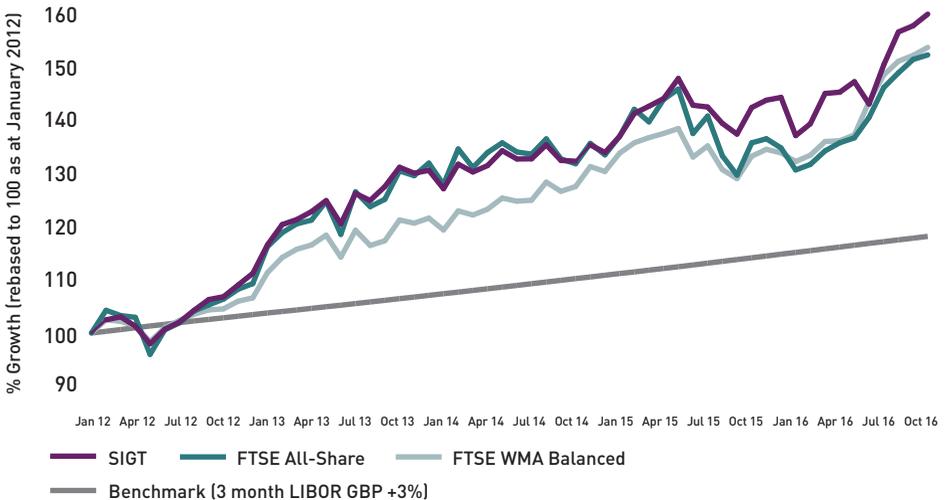
All charts below are taken from 18 January 2012 being the date of change to the Investment Policy

Chart 1 – Volatility Level



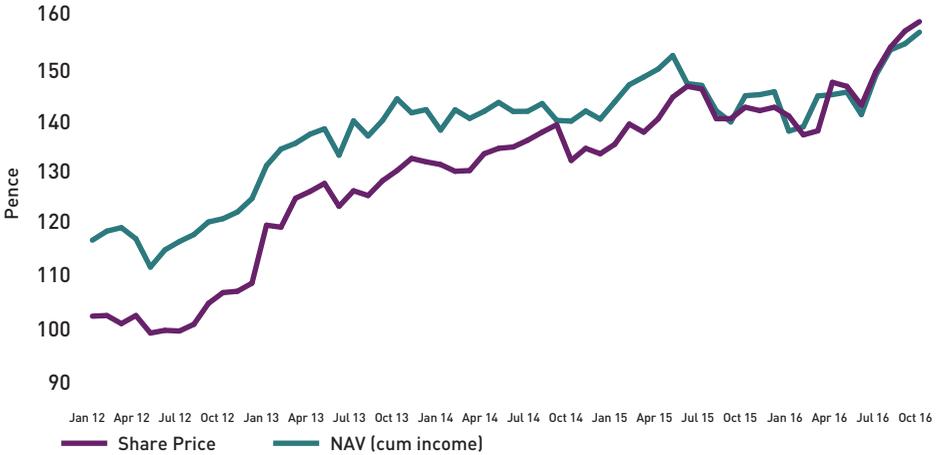
Sources: Morningstar, Cantor and Financial Express

Chart 2 – Cumulative Growth, NAV Total Return, GBP



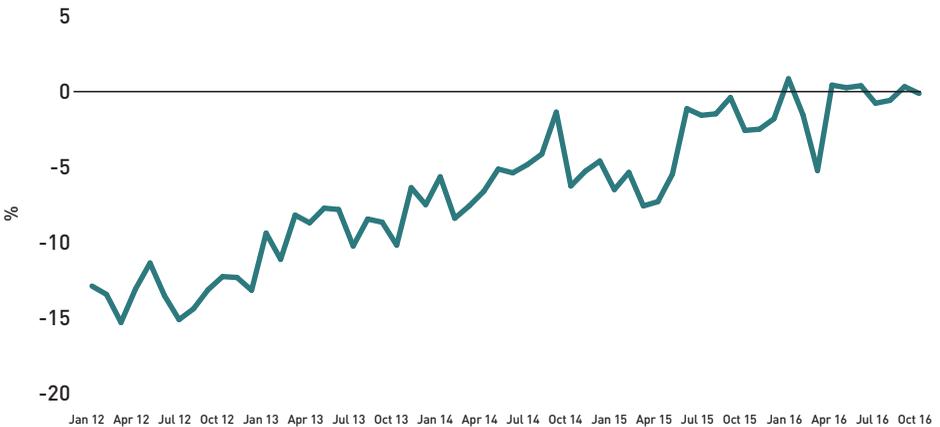
Source: PATAc Limited and Thomson Reuters Datastream

Chart 3 – NAV vs Share Price, GBP



Source: PATAc Limited and Thomson Reuters Datastream

Chart 4 – Company Premium/(Discount) % (based on cum income NAV)



Source: PATAc Limited and Thomson Reuters Datastream

Highlights

Performance (total return)	Six months ended 31 October 2016	Year ended 30 April 2016
Share price	+9.8%	+9.3%
Net asset value	+10.1%	+0.8%
Benchmark ^a	+1.8%	+3.7%

^a 3 month LIBOR GBP +3%.

	31 October 2016	30 April 2016	% Change
Total assets (£'000) ^a	70,423	65,628	+7.3
Total equity shareholders' funds (£'000)	63,423	58,628	+8.2
Share price (mid-market)	159.00p	147.75p	+7.6
Net asset value per share	158.97p	146.95p	+8.2
Premium to net asset value ^b	0.02%	0.5%	
Dividends per Ordinary Share	3.04p	2.94p	+3.4

^a Total assets less current liabilities (excluding bank debt).

^b Premium as at 30 November 2016 2.1%.

Total Returns against comparator indices for periods to 31 October 2016

	6 month %	Cumulative 1 year %	3 year %	5 year %	Since 18.01.2012 %
SIGT NAV	10.1	12.6	22.0	62.5	62.0
SIGT Share Price	9.8	15.7	36.6	84.5	89.2
Benchmark	1.8	3.5	11.0	19.5	18.4
AIC Global Equity Income (unweighted)	19.2	23.6	29.1	79.2	76.3
FTSE WMA Balanced	12.9	15.4	26.9	59.3	53.6
FTSE All-Share Index	12.2	12.2	16.8	57.4	52.3
FTSE All-World Ex UK Index	24.8	31.2	50.1	104.8	94.1
FTSE Gilts All-Stocks Index	5.7	9.5	23.0	28.5	23.1

Source: Cantor and Thomson Reuters Datastream

Chairman's Statement

Highlights for the period

- **Net Asset Value total return +10.1%**
- **Share Price total return +9.8%**
- **Quarterly Dividend increased by 3.4% to 1.52p**
- **Annualised volatility 12.6% compared with 15.5% for the FTSE All-Share Index**
- **Multi-Asset value investment policy – coherent and transparent**
- **Discount Control Mechanism effective since 1 August**
- **Shares have traded in a very narrow range around Net Asset Value**

Performance

Seneca Global Income & Growth Trust plc ('SIGT'), your Company, generated a net asset value per share ('NAV') total return of +10.1% for the six months to 31 October 2016, which was better than the benchmark return of +1.8%, being 3-month LIBOR plus 3%. While a strong absolute performance, SIGT's NAV return was less than the main equity only comparator indices, particularly those that benefited from the weak performance of Sterling since the 23 June Brexit Referendum result. Your Manager's Review provides more details on performance. It is clear that investment markets did not expect the outcomes of the Referendum and, since the period end, the USA Presidential Election. The lasting effects of these outcomes remain to be seen but, your Board believes, they reinforce the worth of the Multi-Asset value investment policy of your Company providing, as it does, transparent and straight-forward exposure to a range of assets, which together provide lower volatility (i.e. lower risk) returns than equity only portfolios.

Dividends

Your Company paid two interim dividends of 1.52p per share for the period, an increase of 3.4% on the equivalent dividends last year. It

is your Board's intention, barring unforeseen circumstances, that it will at least maintain the quarterly rate of 1.52p per share for the full year to 30 April 2017.

Gearing

During the period, SIGT announced an increase of its rolling debt facility from £7m to £11m on similar commercial terms. The actual gearing level through-out the period was around 10% which was achieved using a little less than £7m of net debt. The extra £4m has been put in place largely to assist with the operation of the Discount Control Mechanism ('DCM'). This will enable gearing levels to be maintained should the DCM result in the issuance of new shares, or will provide short term working capital should shares be bought-in.

Discount Control Mechanism ('DCM')

At the Company's Annual General Meeting in July, all the resolutions proposed were passed by a majority of over 99% of shares voted. These resolutions included SIGT's continuation as well as the authority to buy-in up to 14.99% of the outstanding shares and to issue new shares equivalent to up to 20% of the outstanding issued shares. These buy-in and issuance authorities are essential to enable the DCM to operate, and your Board appreciates Shareholders' support. The DCM has been effective since 1 August since when buyers of shares in the ordinary course, have been able to do so with the comfort of knowing they are not taking any material discount risk. Since the shares have traded consistently in a very narrow range around NAV, there has been no call on the Company to buy-in any shares though your Board stands ready and very willing to do so. In due course, your Board hopes to see sufficient demand for SIGT's shares such that new ones will be issued, but meantime is content to see matched buying and selling of shares by investors at very close to NAV, supported by the presence of the DCM.

Investment Outlook

As already mentioned, there have been at least two significant and unexpected political events of late. What will their impact be on economies and investment markets? Will there be more political change elsewhere? Is the unexpected now to be expected? Will fiscal stimulus usurp monetary stimulus as the weapon of choice from policy makers? Anyone who thinks they know the answers to all these questions is probably delusional! Of course we all have an opinion on these issues and will make investment decisions accordingly, but the great strength of SIGT's Multi-Asset value investment policy is that it provides investors with diversification in a manner that should both reduce any negative impacts from unexpected outcomes and provide an attractive risk adjusted return over the medium to long term.

Richard Ramsay

Chairman

1 December 2016

Manager's Review

Overview

If the US presidential election had taken place two weeks earlier, we would be reporting about two extraordinary events during the review period not one. The Brexit result and its aftermath certainly dominated the period in a way that few events can. The sharp fall in sterling, the fall and subsequent rise in UK mid-caps as well as the economic shock that never materialized – at least not yet – were all outcomes that affected the portfolio in some way, both positively and negatively.

In terms of the performance of markets and currencies, the period was one that saw the US dollar strengthen as the case for further monetary tightening became stronger. 10-year bond yields across developed markets fell for the first half of the period, particularly in the weeks following Brexit, but then rose in the second half. Equity markets on the whole were strong throughout the six months with the exception of days following Brexit. Thus on the whole it was a decent period for investors, particularly those who are sterling-based.

Despite assertions by the Fed in December 2015 that 2016 would see 4 quarter point hikes in interest rates, the likelihood of such declined as the year progressed. Expectations of hikes were dashed on various occasions, either because of weak jobs data or Brexit, and at the time of writing there has not been one increase. Furthermore, the Fed is not in the business of making accurate predictions but in the business of promoting full employment and price stability. The bullish December 2015 statement may well have been based on hope rather than expectation, as well as a wish to boost the private sector's confidence in the economy. Second, it is very possible that the Fed may allow inflation to rise above its 2% target, either because it does not want to damage growth unnecessarily or simply because if inflation has been below 2% which it has been at times in recent years, then it must be allowed to rise above it to average 2%

over time. Nevertheless, at the time of writing, a quarter point hike in December appears to have been baked into markets.

The Brexit result came as a shock to markets, as expectations leading up to the vote were that the 'Remain' camp would win. The shock wave spread around the world, with equity markets almost everywhere falling sharply. In the UK, mid-caps were particularly badly hit, as they are generally seen as being more domestically oriented and thus vulnerable to the economic carnage that had been predicted to follow a 'Leave' vote and that was no doubt around the corner.

As is often the case with such events, markets recovered quickly, though as of the end of the review period UK mid-caps had only recovered around half of the ground they had lost to their large-cap counterparts in the days following the vote. It appears that, as is often the case, markets were relieved that the vote was behind them, and once they saw that the world did not fall apart, embarked on a steady climb.

As July progressed and then August, it became clear that economic activity was not falling. If anything, the opposite was the case, with confidence surveys showing marked improvements. The fact is that household and perhaps even business confidence has been depressed ever since the 2008/9 crisis, so it is prone to the occasional bout of euphoria.

Indeed, there was evidence during the review period that growth globally was improving, with the OECD global leading index picking up after a couple of years of declines.

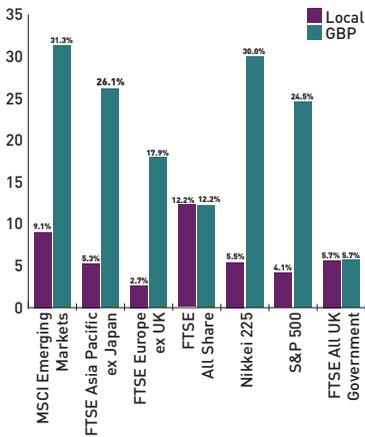
Elsewhere, Japan appeared to be heading back towards deflation, and the central bank governor Haruhiko Kuroda announced that the 2% inflation target would not be met during his term, which ends in April 2018.

Emerging market economies showed tentative signs of improvement such as declines in inflation and unemployment, and indeed these

improvements were reflected in equity market performance. Asia ex Japan and Emerging Markets were the two best performing equity regions during the period, though they still have much of the ground lost in the last five or so years to recover.

Overall, it was a volatile but decent period for risk assets as well as safe haven bonds, though in the weeks since the end of the period bond yields have continued to rise.

Major financial market total returns for the six month period ended 31 October 2016



Source: Bloomberg

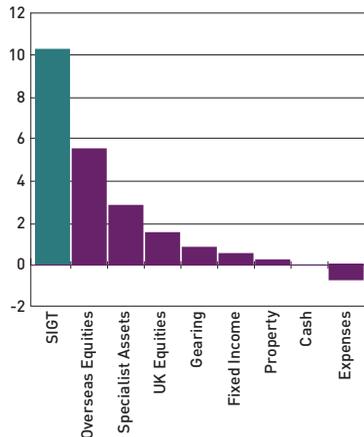
Performance

Performance over the period was positive with a net asset value total return of +10.1%, whilst the share price total return was slightly lower at +9.8%. These outturns were well ahead of the benchmark (3 month Libor +3%) return of +1.8%. This outturn was again achieved with a level of volatility which was lower than the FTSE All Share Index, albeit that the Company's focus on mid cap UK equities and lack of exposure to perceived safe haven assets such as gilts did lead to higher volatility in the period immediately after the Brexit vote.

Over the period the FTSE All Share total return was +12.2%, whilst overseas market returns were boosted for UK investors due to the extreme

weakness in sterling following the shock UK vote to leave the European Union. Amongst the best performing equity regions were those of Japan and the emerging markets, where gains stretched to 30%. Gilt yields continued to fall in the early part of the period, with the gilt market being particularly strong following the Brexit vote. However, yields started to rise again towards the end of the period as investors' thoughts turned to the prospects of a pick-up in UK inflation, following such severe declines in the value of sterling.

Contribution analysis by asset class for the six month period to 31 October 2016



Source: Seneca Investment Managers/StatPro Revolution

Positive contributions to your Company's returns were made from all major asset classes, as can be seen from the chart above. However, the UK equity performance was well below the benchmark, with mid-sized companies, in which the UK portfolio is largely invested, underperforming their larger brethren. Overseas equity managers in general produced good absolute returns but have struggled to match their respective local indices over the period. A drag on returns came within the European equity investments, which were hurt by the currency hedged position held going into the Brexit vote, which amounted to around 65% of the Euro exposure (this hedging was subsequently reduced to around 25%).

Contribution analysis by individual holdings in the six month period to 31 October 2016

Top 5 Contributors

Fair Oaks Income Fund	0.76%
Schroder Oriental Income Fund	0.70%
BlackRock World Mining Trust	0.54%
Aberdeen Asian Income Fund	0.50%
Goodhart Michinori Japan Equity Fund	0.49%

Bottom 5 Contributors

Britvic plc	-0.31%
Halfords Group plc	-0.31%
Senior plc	-0.29%
Marks & Spencer plc	-0.25%
BT Group plc	-0.21%

Source: Seneca IM/StatPro Revolution

The table above shows the major individual contributors to returns over the period.

The largest positive contribution came from Fair Oaks Income Fund, which benefitted from an uplift in net asset value, a very high dividend yield together with exposure to the US dollar in which its assets are denominated. It is perhaps unsurprising that the Asian funds were also amongst the most positive contributors, with Japanese equity and commodity related equity holdings also providing solid contributions.

The major detractors from returns all came from within the UK equity portfolio. Concerns over the ability of UK retailers to pass on increased import costs due to weaker sterling undermined investor confidence in Halfords and M&S, with similar worries also afflicting Britvic. Senior and BT Group both fell on company specific issues, which we felt presented a further buying opportunity in both companies, as we took a long-term view of their prospects.

Asset Allocation

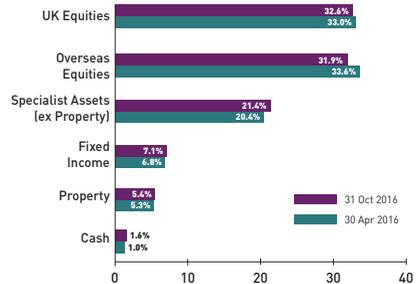
There have been few changes to asset class allocations over the period. The only significant change being a reduction of 2% in the overseas equity weighting, which was reduced following the strong returns seen over the period. To achieve this lower weighting the European equity position was reduced as we took the view that, following the Brexit vote, political pressures in

Europe were likely to grow. However, we still believe that Europe is in the early stages of its economic cycle and that equity valuations there remain attractive. The tactical asset allocation to European equities remains overweight against the long term strategic asset allocation.

We continue to place emphasis on real assets within the portfolio, such as equities and property, which offer the potential to provide capital growth and improved income over time. Property exposure is gained through REITs operating in niche areas such as student accommodation and primary healthcare practices. We are also attracted to property managers operating a very active management approach, which should add value in a UK commercial property market where yields overall have compressed over recent years. Other specialist assets held are in quoted vehicles where underlying assets span private equity, infrastructure and specialist financials, such as leasing vehicles and direct lending. These investments are targeted at exposure to strong asset backed assets, which have high and dependable income streams, often linked to inflation, whilst also offering potential for capital growth.

The portfolio has no exposure to developed market sovereign bonds as we continue to feel they offer very poor value despite the pick-up in yields seen late in the period.

Portfolio asset allocation comparison between 30 April and 31 October 2016



Source: Seneca Investment Managers. All figures are expressed as a percentage of gross assets

UK Equities (32.6%)

The early signs post the vote to leave the European Union have been relatively positive, with little evidence so far to suggest that the UK economy is in immediate danger of sinking into a severe recession. Indeed, domestic based exporters have experienced a significant boost to their competitive position from the fall in sterling. Unemployment remains on an improving trend and consumer confidence, whilst not robust, is far from despondent. It is now clear following the Autumn Statement that fiscal policy in the UK will now be more expansive, as the Government seeks to boost the economy to counter any detrimental effects of Brexit.

New money has been committed to the UK equity portfolio over the period to maintain the weighting, with the UK market underperforming against international equity markets in sterling terms. The emphasis within the portfolio remains on mid-cap stocks, where we continue to find good quality companies trading on attractive valuations. New holdings introduced during the period were Britvic, Essentra and Ultra Electronics. All three companies we believe have been bought on valuations which underestimate the medium to long term prospects for the companies. We also added to positions in mid-cap holdings which sold off aggressively in the period immediately following the EU referendum vote. We welcome such short term volatility when it provides opportunity to invest at better levels in companies we expect to hold on at least a five year timeframe.

New positions were largely financed by sales of Royal Dutch Shell and Ashmore Group, which had both performed extremely well since acquisition in January 2016, hitting prices where we felt they no longer offered good value on a long term view.

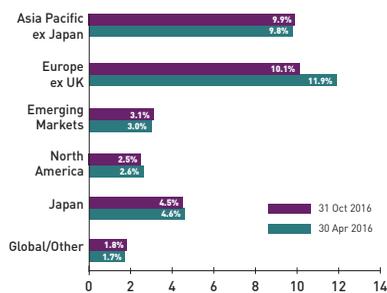
Overseas Equities (31.9%)

Economic conditions have, in general, been stable over the period and there have been some tentative signs that growth has stabilised in China, which has supported a rally in Asian and emerging market equities. The two tier monetary policy being pursued within developed

economies provides, we feel, opportunities to emphasise regions where policy is still loose, namely Europe and, to a lesser extent, Japan. We also continue to feel that the longer term attractions offered by Asia and the emerging markets should be emphasised within the portfolio.

We have moved to consolidate the funds held within the overseas equity element of the portfolio by increasing emphasis on managers sharing our views on quality and value within their investment process. We are also keen to concentrate positions on managers taking a focussed approach to stock selection, with little adherence to benchmark indices.

Movement in Overseas equity allocations over the 6 month period to 31 October 2016



Source: Seneca Investment Managers. All figures are expressed as a percentage of gross assets

The move towards consolidation of holdings in the United States saw the sale of the iShare MSCI USA Dividend ETF, in favour of an increased position in the Cullen North American High Dividend Value Fund.

In Europe the Blackrock Continental European Income Fund and Schroder European Alpha Income Fund were sold, with proceeds being committed to the InvescoPerpetual European Equity Income Fund, a new holding which is run with an explicit value approach. In addition, an increased position was taken in the holding of Liontrust European Enhanced Equity Income Fund, with this fund also being run with a strict adherence to value principles. This fund is invested in through a hedged share class, which provides some protection against Euro weakness against sterling.

Asian equity positions have been consolidated by the sale of the Liontrust Asian Income Fund. Proceeds from this sale were reinvested into the existing position in the Schroder Asian Income Maximiser Fund, which offers a yield of 7% by operating a 'covered call writing' strategy to enhance income.

The Company's positions in emerging market equity funds was top sliced during the period to lock in profits following very strong advances.

Specialist assets (26.8% including property)

Your Company's exposure to specialist assets encompasses the following sectors:

- Commercial property – focused on UK secondary and niche markets
- Infrastructure – Renewable energy and proven social infrastructure
- Speciality Finance – Leasing, mortgages, global reinsurance and direct lending to SME market
- Private equity – A J Bell Holdings and private equity fund of funds

There were few significant transactions during the period with the sale of Bluefield Solar Income Fund being used to finance a new holding in International Public Partnerships Limited (INPP). INPP invests across a number of infrastructure sectors including transport, education, military housing, energy transmission and water. It is part of the Bazalgette Consortium which is building the new 'Super Sewer' in London. We view this as a secure source of asset backed and growing dividends. This switch gives an increased level of diversification within infrastructure related assets held. Towards the end of the period the holding in SQN Asset Finance was reduced, with the company's shares trading on a large premium to net asset value.

Fixed Income (8.7% – inclusive of cash)

Fixed income exposure has been maintained but no significant transactions were undertaken over the period. The bulk of exposure is held in high yield corporate bond funds operating within niche credit areas and also in short duration bonds. The portfolio also has exposure to emerging market sovereign debt through the very actively positioned Templeton Emerging Market Debt Fund.

Portfolio Income

One of the major benefits derived from operating a multi-asset approach is the wide range of sources from which income can be derived. This high level of diversification provides a good degree of certainty around the portfolio's ability to produce an income stream that is not only robust but also capable of growth over time. The weakness in sterling seen post the EU referendum result has further boosted income over the period. If the pound should remain at current depressed levels we would expect this enhancement to overseas asset dividends to continue into the second half of the year, further enhancing the strong level of cash-flows already expected.

Outlook

Economies remain at different stages of their business cycle, but it appears that the US and perhaps the UK are entering the stage at which inflation may continue to rise. On the other hand, Japan and Europe are at an earlier stage where inflation pressures still remain weak and where central bank support is still required. Given that equity valuations in Europe and Japan remain reasonable, this suggests that markets there have the scope to outperform. With valuations in the US looking less compelling, and with the prospect of interest rate hikes, the equity market there looks less attractive, if only in relative terms.

With inflation rising in many parts of the developed world, bonds have started to underperform. This underperformance may well continue given tightening labour markets as well as the prospect of less fiscal austerity in the wake of both Brexit as well as the US presidential election.

Seneca Investment Managers Limited

1 December 2016

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Income Statement

				Six months ended 31 October 2016 (unaudited)		
	Notes	Revenue £'000	Capital £'000	Total £'000		
Gains/(losses) on investments		–	4,784	4,784		
Income	2	1,788	–	1,788		
Investment management fee		(130)	(130)	(260)		
Administrative expenses		(246)	–	(246)		
Exchange gains		–	6	6		
Profit before finance costs and taxation		1,412	4,660	6,072		
Finance costs		(24)	(24)	(48)		
Profit before taxation		1,388	4,636	6,024		
Taxation		–	–	–		
Profit for period/total comprehensive income		1,388	4,636	6,024		
Return per share (pence)	3	3.48	11.62	15.10		

The total column of this statement represents the profit and loss account of the Company. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

Six months ended 31 October 2015 (unaudited)			Year ended 30 April 2016 (audited)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	(1,827)	(1,827)	–	(1,723)	(1,723)
1,567	–	1,567	3,120	–	3,120
(124)	(124)	(248)	(247)	(247)	(494)
(204)	–	(204)	(434)	–	(434)
–	–	–	–	16	16
1,239	(1,951)	(712)	2,439	(1,954)	485
(30)	(30)	(60)	(52)	(52)	(104)
1,209	(1,981)	(772)	2,387	(2,006)	381
–	–	–	–	–	–
1,209	(1,981)	(772)	2,387	(2,006)	381
3.03	(4.97)	(1.94)	5.98	(5.03)	0.95

Balance Sheet

	Notes	As at 31 October 2016 (unaudited) £'000	As at 31 October 2015 (unaudited) £'000	As at 30 April 2016 (audited) £'000
Fixed assets				
Investments at fair value through profit or loss		69,121	64,599	64,668
Current assets				
Debtors and prepayments		304	218	396
Cash and short term deposits		1,182	953	676
		1,486	1,171	1,072
Creditors: amounts falling due within one year				
Bank loan		(7,000)	(7,000)	(7,000)
Other creditors		(184)	(125)	(112)
		(7,184)	(7,125)	(7,112)
Net current liabilities		(5,698)	(5,954)	(6,040)
Net assets		63,423	58,645	58,628
Capital and reserves				
Called-up share capital		9,974	9,974	9,974
Share premium account		1,428	1,445	1,445
Special reserve		41,783	41,783	41,783
Capital redemption reserve		2,099	2,099	2,099
Capital reserve	5	6,955	2,344	2,319
Revenue reserve		1,184	1,000	1,008
Equity shareholders' funds		63,423	58,645	58,628
Net asset value per share (pence)	6	158.97	146.99	146.95

Statement of Changes in Equity

Six months ended 31 October 2016 (unaudited)

	Notes	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 April 2016		9,974	1,445	41,783	2,099	2,319	1,008	58,628
Total comprehensive income		-	-	-	-	4,636	1,388	6,024
Discount control costs		-	(17)	-	-	-	-	(17)
Dividends paid	4	-	-	-	-	-	(1,212)	(1,212)
Balance at 31 October 2016		9,974	1,428	41,783	2,099	6,955	1,184	63,423

Six months ended 31 October 2015 (unaudited)

	Notes	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 April 2015		9,974	1,445	41,783	2,099	4,325	965	60,591
Total comprehensive income		-	-	-	-	(1,981)	1,209	(772)
Dividends paid	4	-	-	-	-	-	(1,174)	(1,174)
Balance at 31 October 2015		9,974	1,445	41,783	2,099	2,344	1,000	58,645

Year ended 30 April 2016 (audited)

	Notes	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 April 2015		9,974	1,445	41,783	2,099	4,325	965	60,591
Total comprehensive income		-	-	-	-	(2,006)	2,387	381
Dividends paid	4	-	-	-	-	-	(2,344)	(2,344)
Balance at 30 April 2016		9,974	1,445	41,783	2,099	2,319	1,008	58,628

Cash Flow Statement

	Six months ended 31 October 2016 (unaudited) £'000	Six months ended 31 October 2015 (unaudited) £'000	Year ended 30 April 2016 (audited) £'000
Net return before finance costs and taxation	6,072	(712)	485
Adjustments for:			
(Gain)/loss on investments	(4,784)	1,827	1,723
Exchange movements	(6)	–	(16)
Dividend income	(1,788)	(1,567)	(3,118)
Dividends received	1,959	1,862	3,227
Interest income	–	–	(2)
Interest income received	–	–	2
Loan interest paid	(45)	(60)	(117)
Increase in other debtors	(27)	(12)	(4)
Increase in other creditors	70	10	10
Net cash inflow from operating activities	1,451	1,348	2,190
Investing activities			
Net cash inflow/(outflow) from financial investment	261	(438)	(403)
Net cash inflow/(outflow) from investing activities	261	(438)	(403)
Financing activities			
Equity dividends paid	(1,212)	(1,174)	(2,344)
Net cash outflow from financing activities	(1,212)	(1,174)	(2,344)
Increase/(decrease) in cash	500	(264)	(557)
Exchange movements	6	–	16
Opening balance	676	1,217	1,217
Closing balance	1,182	953	676

Notes to the Accounts

1 Accounting policies

Basis of accounting

The half yearly financial statements have been prepared in accordance FRS 104 'Interim Financial Reporting', UK Generally Accepted Accounting Practice (UK GAAP) and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in November 2014). They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The half yearly financial statements have been prepared on a going concern basis and have been prepared using the same accounting policies as the preceding annual financial statements.

2 Income

	Six months ended 31 October 2016 £'000	Six months ended 31 October 2015 £'000	Year ended 30 April 2016 £'000
Income from investments			
UK franked income	914	608	1,475
UK unfranked income	379	613	922
Overseas dividends	495	344	721
	1,788	1,565	3,118
Other income			
Deposit interest	–	2	2
	–	2	2
Total income	1,788	1,567	3,120

3 Return per share

The revenue return of 3.48 pence (31 October 2015 - 3.03 pence; 30 April 2016 - 5.98 pence) per ordinary share is calculated on net revenue on ordinary activities after taxation for the year of £1,388,000 (31 October 2015 - £1,209,000; 30 April 2016 - £2,387,000) and on 39,896,361 (31 October 2015 - 39,896,361; 30 April 2016 - 39,896,361) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The capital return of 11.62 pence (31 October 2015 - loss of 4.97 pence; 30 April 2016 - loss of 5.03 pence) per ordinary share is calculated on net capital return for the period of £4,636,000 (31 October 2015 - loss of £1,981,000; 30 April 2016 - loss of £2,006,000) and on 39,896,361 (31 October 2015 - 39,896,361; 30 April 2016 - 39,896,361) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The total return of 15.10 pence (31 October 2015 - loss of 1.94 pence; 30 April 2016 - return of 0.95 pence) per ordinary share is calculated on the total return for the period of £6,024,000 (31 October 2015 - loss of £772,000; 30 April 2016 - return of £381,000) and on 39,896,361 (31 October 2015 - 39,896,361; 30 April 2016 - 39,896,361) ordinary shares being the weighted average number of ordinary shares in issue during the period.

4 Dividends

Ordinary dividends on equity shares deducted from reserves are analysed below:

	Six months ended 31 October 2016 £'000	Six months ended 31 October 2015 £'000	Year ended 30 April 2016 £'000
2015 fourth interim dividend - 1.47p	–	587	586
2016 first interim dividend - 1.47p	–	587	586
2016 second interim dividend - 1.47p	–	–	586
2016 third interim dividend - 1.47p	–	–	586
2016 fourth interim dividend - 1.52p	606	–	–
2017 first interim dividend - 1.52p	606	–	–
	1,212	1,174	2,344

The Company has declared a second interim dividend in respect of the year ending 30 April 2017 of 1.52p (2016 - 1.47p) per ordinary share which will be paid on 16 December 2016 to ordinary shareholders on the register on 25 November 2016.

5 Analysis of capital reserve

The capital reserve reflected in the Balance Sheet at 31 October 2016 includes gains of £5,730,000 (31 October 2015 - losses of £3,308,000; 30 April 2016 - gains of £3,191,000) which relate to the revaluation of investments held at the reporting date.

6 Net asset value per share

	As at 31 October 2016	As at 31 October 2015	As at 30 April 2016
Attributable net assets (€'000)	63,423	58,645	58,628
Number of ordinary shares in issue	39,896,361	39,896,361	39,896,361
Net asset value per ordinary share (p)	158.97	146.99	146.95

7 Half-Yearly Financial Report

The results for the six months ended 31 October 2015 and six months ended 31 October 2016, which have not been reviewed by the Company's auditors pursuant to the Auditing Practices Board guidance on "Review of Interim Financial Information", constitute non-statutory accounts as defined in Sections 434 - 436 of the Companies Act 2006. The financial information for the year ended 30 April 2016 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under Section 498 (2),(3) or (4) of the Companies Act 2006.

8 This Half-Yearly Report was approved by the Board on 1 December 2016.

Principal Risks and Uncertainties

Risks are inherent in the investment process, but it is important that their nature and magnitude are understood so that risks, particularly those which the Company does not wish to take, can be identified and either avoided or controlled. The Board has established a detailed framework of the key risks that the business is exposed to, with associated policies and processes devised to mitigate or manage those risks. The principal risks faced by the Company are set out below.

Investment and Strategy Risk:

The Board is responsible for deciding the investment strategy to fulfil the Company's objectives and monitoring the performance of the Investment Manager. Inappropriate strategy, including country and sector allocation, stock selection and the use of gearing, could lead to poor returns for shareholders. To manage this risk the Board requires the Investment Manager to provide an explanation of significant stock selection decisions and the rationale for the composition of the investment portfolio at each Board meeting, when gearing levels are also reviewed. The Board monitors the spread of investments to ensure that it is adequate to minimise the risk associated with particular countries or factors specific to particular sectors. The Investment Manager also provides the Board and shareholders with monthly factsheets which include an investment commentary.

Market Risk:

The Company's assets consist principally of listed equities and fixed income securities and its greatest risks are in consequence market-related. In addition to ordinary movements in the prices of the Company's investments and the loss that the Company might suffer through holding investments in the face of negative market movements, the Company's use of gearing necessarily amplifies this risk. The Board seeks to mitigate this risk through the processes described in the paragraph above, monitoring the implementation and results of the investment process with the Investment Manager.

Financial Risk:

The Company's investment activities expose it to a variety of financial risks that include market price risk, foreign currency risk, interest rate risk and liquidity and credit risk.

Earnings and Dividend Risk:

The earnings that underpin the amount of dividends declared and future dividend growth are generated by the Company's underlying portfolio. Fluctuations in earnings resulting from changes to the underlying portfolio or changes in the tax treatment of the dividends or interest received by the Company could reduce the level of dividends received by shareholders. The Board monitors and manages this risk by considering detailed income forecasts prepared by the Investment Manager and Company Secretary at each Board meeting and when the quarterly dividends are declared.

Operational Risk:

The Company relies upon the services provided by third parties and is reliant on the control systems of the Investment Manager and the Company's other service providers. The security and/or maintenance of, inter alia, the Company's assets, dealing and settlement procedures, and accounting records depend on the effective operation of these systems. These are regularly tested and monitored and are reported on at each Board meeting. An internal control report, which includes an assessment of risks, together with the procedures to mitigate such risks, is prepared by the Investment Manager and the Company Secretary and reviewed by the Audit Committee at least once a year. The Custodian, State Street Bank and Trust Company, produces an internal control report each year which is reviewed by its auditors and gives assurance regarding the effective operation of controls. A summary of this report is reviewed by the Audit Committee.

Regulatory Risk:

The breach of regulatory rules could lead to a suspension of the Company's stock exchange listing or financial penalties. Breach of Sections 1158 to 1159 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on chargeable gains. The Company Secretary monitors the Company's compliance with the Listing Rules of the UK Listing Authority and Sections 1158 to 1159 of the Corporation Tax Act 2010. Compliance with the principal rules is reviewed by the Directors at each Board meeting.

Key Man Risk:

The Company is substantially dependent on the services of key individuals working for its Investment Manager, namely Alan Borrows and Peter Elston. The loss of either or both of these individuals could have an adverse effect on the Company's performance. The Investment Manager has a team of three other highly experienced investment professionals to mitigate this risk.

Investment Portfolio

As at 31 October 2016

Company	Sector	Asset class	Valuation	Total
			£'000	Assets %
Invesco Perpetual European Equity Income Fund ^B	Unit Trust & OEICS	Overseas Equities	2,948	4.26
European Assets Trust	Investment Companies	Overseas Equities	2,348	3.40
AJ Bell ^A	Special & Other Finance	Specialist Assets	2,100	3.04
Schroder Asian Income Maximiser ^B	Unit Trust & OEICS	Overseas Equities	2,095	3.03
Aberdeen Asian Income	Investment Companies	Overseas Equities	2,078	3.01
Prusik Asian Equity Income ^B	Unit Trust & OEICS	Overseas Equities	1,791	2.59
Liontrust European Enhanced Income ^B	Unit Trust & OEICS	Overseas Equities	1,782	2.58
Cullen North American High ^B	Unit Trust & OEICS	Overseas Equities	1,750	2.53
Coupland Cardiff Japan Income and Growth Trust	Investment Companies	Overseas Equities	1,728	2.50
Fair Oaks Income	Investment Companies	Specialist Assets	1,684	2.44
Top ten investments			20,304	29.38
Royal London Short Duration Global High Yield Bond ^B	Unit Trust & OEICS	Fixed Income	1,506	2.18
Goodhart Partners Horizon Michinori Japan Equity ^B	Unit Trust & OEICS	Overseas Equities	1,408	2.04
TwentyFour Select	Investment Companies	Fixed Income	1,377	1.99
Kier Group	Construction & Materials	UK Equities	1,298	1.88
BlackRock World Mining Trust	Investment Companies	Overseas Equities	1,245	1.80
Victrex	Chemicals	UK Equities	1,191	1.72
Arrow Global Group	General Financial	UK Equities	1,182	1.71
DP Aircraft I	Investment Companies	Specialist Assets	1,167	1.69
Ranger Direct Lending	Investment Companies	Specialist Assets	1,164	1.68
Doric Nimrod Air Two	Investment Companies	Specialist Assets	1,129	1.63
Top twenty investments			32,971	47.70
Diploma	Support Services	UK Equities	1,121	1.62
National Express	Travel & Leisure	UK Equities	1,103	1.60
Aberdeen Private Equity	Investment Companies	Specialist Assets	1,103	1.60
Essentra	Support Services	UK Equities	1,097	1.59
Magna Emerging Markets Dividend ^B	Unit Trust & OEICS	Overseas Equities	1,095	1.59
Somerset Emerging Markets Dividend Growth ^B	Unit Trust & OEICS	Overseas Equities	1,084	1.57
International Personal Finance	General Financial	UK Equities	1,060	1.53
Britvic	Beverages	UK Equities	1,053	1.52
BT Group	Fixed Line Telecoms	UK Equities	1,052	1.52
Blue Capital Global Reinsurance	Investment Companies	Specialist Assets	1,050	1.52
Top thirty investments			43,789	63.36

Company	Sector	Asset class	Valuation	Total
			£'000	Assets %
Legal & General	Life Insurance	UK Equities	1,047	1.51
Ultra Electronic Holdings	Electronic & Electrical Equipment	UK Equities	1,039	1.50
Marks & Spencer	General Retailers	UK Equities	1,038	1.50
Schroder Oriental Income	Investment Companies	Overseas Equities	1,024	1.48
Bovis Homes	Household Goods	UK Equities	1,023	1.48
Franklin Templeton Emerging Markets Bond ^B	Unit Trust & OEICS	Fixed Income	1,020	1.48
Polypipe Group	Construction & Materials	UK Equities	1,008	1.46
Senior Engineering	Aerospace & Defence	UK Equities	993	1.44
John Laing Environmental Assets Group	Investment Companies	Specialist Assets	991	1.43
Dairy Crest	Food Producers	UK Equities	975	1.41
Top forty investments			53,947	78.05
Halfords Group	General Retailers	UK Equities	974	1.41
Intermediate Capital Group	General Financial	UK Equities	973	1.41
International Public Partnerships	Investment Companies	Specialist Assets	956	1.38
Marston's	Travel & Leisure	UK Equities	943	1.36
Morgan Advanced Materials	Electronic & Electrical Equipment	UK Equities	939	1.36
Phoenix Group Holdings	Life Insurance	UK Equities	917	1.33
LondonMetric	UK REIT	Property	857	1.24
UK Mortgages	Investment Companies	Specialist Assets	846	1.22
Custodian REIT	UK REIT	Property	838	1.21
Royal London Sterling Extra Yield Bond ^B	Unit Trust & OEICS	Fixed Income	805	1.17
Top fifty investments			62,995	91.14
AEW UK REIT	UK REIT	Property	782	1.13
iShares UK Dividend UCITS ETF	Exchange Traded Fund	UK Equities	749	1.08
Primary Health Properties	UK REIT	Property	679	0.98
GCP Student Living	UK REIT	Property	657	0.95
Policy Selection Assured ^B	Unit Trust & OEICS	Specialist Assets	636	0.92
Greencoat UK Wind	Investment Companies	Specialist Assets	629	0.91
Sequoia Economic Infrastructure	Investment Companies	Specialist Assets	608	0.88
Partners Group Global Opportunities ^B	Unit Trust & OEICS	Specialist Assets	537	0.78
Maya Gold & Silver Conv Deb 8% 28/03/2017 ^A	Mining	Fixed Income	305	0.44
Sequoia Economic Infrastructure C Shares	Investment Companies	Specialist Assets	272	0.39
Top sixty investments			68,849	99.60
Other investments			272	0.40
Total investments			69,121	100.00

With the exception of those companies' shares marked with a specific share class above, all investments are in the ordinary shares of the investee company.

^A Unquoted

^B Open-ended

Directors' Statement of Responsibilities in Respect of the Half-Yearly Financial Report

In accordance with Chapter 4 of the Disclosure and Transparency Rules, the Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting) on a going concern basis, and gives a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the half-yearly report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Directors' Statement of Principal Risks and Uncertainties shown above is a fair review of the principal risks and uncertainties for the remainder of the financial year;
- the half-yearly report includes a fair review of the related party transactions that have taken place in the first six months of the financial year; and
- in light of the controls and monitoring processes that are in place, the Company has adequate resources and arrangements to continue operating within its stated objective and policy for the foreseeable future. Accordingly, the accounts continue to be drawn up on the basis that the Company is a going concern.

Richard Ramsay

Chairman

1 December 2016

Financial Calendar

16 December 2016	Payment of second interim dividend for year ending 30 April 2017
December 2016	Posting of Half Yearly Financial Report
March 2017	Payment of third interim dividend for year ending 30 April 2017
June 2017	Payment of fourth interim dividend for year ending 30 April 2017
June 2017	Announcement of Annual Results
June 2017	Annual Report posted to Shareholders
July 2017	Annual General Meeting

Corporate Information

Directors

Richard A M Ramsay, Chairman
Ian R Davis
James R McCulloch

Managers

Seneca Investment Managers Limited
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Company Registration Number: 03173591

Company Secretary and Administrator

PATAC Limited
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Registrars

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