To: **RNS**
Date: **14 June 2017**
From: **Seneca Global Income & Growth Trust plc**

Results for the year ended 30 April 2017

Chairman's Statement

Highlights

- Discount Control Mechanism successfully introduced
- Shares both issued and bought-in, raising over £1.1m net to date[1]
- Shares have traded in a very narrow range around NAV
- NAV total return +19.6%
- Share price total return +20.7%
- Dividends for the year increased by 3.5% to 6.14 pence
- Annualised volatility 9.7% compared with 12.6% for the FTSE All-Share Index
- Certain changes proposed to the Investment Objective and Policy

Performance

Seneca Global Income & Growth Trust plc ('SIGT' or 'the Company') generated a net asset value ('NAV') total return for the year of +19.6% which was materially better than the benchmark return of +3.5%, being 3-month LIBOR plus 3%. SIGT's NAV performance over the year compared reasonably well with most of the comparator indices, whose returns were: FTSE All-Share Index +20.1%, FTSE All-World ex-UK Index +32.0%, FTSE UK Private Investor Balanced Index +18.7%, and FTSE Gilts All-Stocks Index +8.2%. During the year, the Company moved from the AIC Global Equity Income sector to the AIC Flexible Investment sector. Whilst this is a relatively new creation, many of its constituents have existed for a very long time and all share a relatively 'flexible' investment policy. As with SIGT, the sector's constituents can invest in various asset classes and are not entirely invested in equities. As such the sector as a whole represents a better peer group with which to compare SIGT notwithstanding the diverse range of investment objectives and approaches among its constituents. The sector's unweighted average NAV total return was +18.6% for the year.

It is now over five years since the Company significantly changed its Investment Objective and Policy and over that period SIGT's NAV total return has been +76.1%, significantly outperforming its benchmark return of +20.7%. At the forthcoming Annual General Meeting the Board is proposing certain changes to the Investment Objective and Policy. A Circular detailing these proposals accompanies the Annual Report. In summary, the Board reviewed SIGT's historic and prospective investment performance based on the Investment Policy adopted in January 2012 and concluded the current Investment Objective (and therefore Benchmark) materially understates what the Company seeks to achieve. The proposed Investment Objective is therefore "*Over a typical investment cycle, the Company will seek to achieve a total return of at least CPI plus 6 per cent. per annum after costs with low volatility, and with the aim of growing aggregate annual dividends at least in line with inflation, through the application of a Multi-Asset Investment Policy".* Essentially in moving from a Benchmark of 3-month LIBOR plus 3% to one of CPI plus 6%, the Board is recognising the importance of achieving real returns at a level that is more appropriate to the Investment Policy. The proposed changes to the Investment Policy are not considered to be fundamental but rather variations to allow Seneca Investment Managers Ltd (the "Manager") greater flexibility and efficiency in how it executes the Multi-Asset Investment Policy.

The Manager's Review provides extensive commentary on its Multi-Asset Value Investing philosophy as well as detailed analysis of the year's performance.

Dividends

The Company paid a fourth interim dividend of 1.58 pence per share on 9 June 2017, which, when added to the three preceding interim dividends, produced total dividends of 6.14 pence per share for the year to 30 April 2017, an increase of 3.5% on the previous year's 5.93 pence. It is the Board's intention, barring unforeseen circumstances, to at least maintain the quarterly dividend amount of 1.58 pence per share for the year to 30 April 2018 (aggregate dividends of 6.32 pence per share). On this assumption, the shares will provide a yield of 3.7% on the share price of 171.5 pence that prevailed at the year end.

The aggregate annual dividends are well covered by earnings which in turn are generated naturally from a well spread and diverse range of sources.

The Board is conscious that, because the fourth interim dividend (effectively the 'final' dividend) for each financial year is declared in May and paid in June, shareholders do not get the opportunity to vote on this at the AGM (held in July). Rather than deferring the dividend to allow this, the Board has decided to invite shareholders henceforth to vote annually on the Company's dividend policy as detailed in the Directors' Report and the Circular.

Discount Control Mechanism ('DCM')

Last year, the Board committed itself to the introduction of a Discount Control Mechanism ('DCM') which would aim to regulate the share price at very close to net asset value, and provide improved liquidity in the Company's shares. With effect from 1 August 2016, this was duly introduced and, to date, has achieved its aims. It also resulted in the issuance of 1,385,000 new shares by the period end, and since then and up to the last practicable date of 9 June 2017, a further 275,000 shares have been issued and 1,000,000 bought-in; altogether bringing in a net total of over £1.1 m of new capital.[1] The Board is delighted to have been able to demonstrate its willingness to both issue and buy-in shares.

Many investors find the risk of buying shares whose rating might deteriorate (i.e. move to a discount) understandably unappealing. In addition, the risk of not being able to buy and sell shares whenever and in whatever quantity desired (i.e. illiquidity) is a deterrent for many investors. The introduction of a DCM aims to reduce radically and even overcome both these risks. As a consequence, the appeal of the Company should be greater and wider, assuming the Investment Policy and its execution remain effective. Over time, this should lead to the expansion of the Company and in turn reduce the Ongoing Charges by spreading the fixed costs over a larger base.

Gearing

The Company has in place a rolling debt facility of £11 million from the Royal Bank of Scotland. The size of the facility was increased from £7 million during the year partly to assist with the operation of the DCM and, as such, only about 60% of the facility was used for most of the year providing average gearing of approximately 10%. The extra headroom in the facility will enable gearing levels to be maintained when the DCM results in the issuance of new shares or will provide short-term working capital should shares be re-purchased.

Investment Manager

The Board announced in March 2017 that Alan Borrows intends to retire at the end of this calendar year and would like to repeat and record its gratitude to Alan for his service to the Company since 2005, while also wishing him a long and happy retirement. The Board is very comfortable with the Manager's succession planning and confident that its team structure, under Peter Elston's leadership, bodes well for the Company's future.

Company Secretary and Administrator

As previously announced, PATAC Limited became the Company's Secretary and Administrator on 11 July 2016 and also, under the Board's instructions, has operated successfully the Company's DCM since 1 August 2016.

Investment Outlook

In light of the General Election, the timing of this announcement could be better in the sense of making predictions of the future somewhat easier! Suffice it to say that the Board set its timetable for the year long before the calling of the 'snap' election. In my Interim Report of December 2016 I raised more questions than answers; not least 'Is the unexpected now to be expected?'. If, based on this, I allowed myself to feel prescient, I know I would be short-sighted (or delusional). The Manager's Review looks backwards and to the future in a hopefully helpful way, so I will restrict myself here by promoting the virtues of SIGT's Multi-Asset Investment Policy as a means of providing attractive risk adjusted returns over the medium to long term.

Annual General Meeting ('AGM')

Last year's AGM was held in Liverpool and all resolutions were passed by a majority of over 99% of shares voted. These resolutions included SIGT's continuation, as well as authority to buy-in up to 14.99% of the outstanding shares and to issue new shares for cash on a non-pre-emptive basis equivalent to up to 20% of the outstanding shares. These buy-in and issuance authorities are essential to enable the DCM to operate and are being proposed again this year. This year's AGM will be held in London on Thursday 6 July 2017 and we would be delighted to meet as many shareholders as possible. As mentioned earlier, in addition to the relatively normal business of the AGM, there is a resolution to approve the proposed changes to the Investment Objective and Policy. All these matters are contained in the detailed Circular accompanying the Annual Report. Resolution 8 at this year's AGM concerns the annual continuation vote by shareholders on the Company's future. Your Board believes that continuation is in the best interests of the Company and its members as a whole, and strongly recommends that shareholders vote in favour of Resolution 8 (as well as all other resolutions) as your Directors intend to do in respect of their own beneficial shareholdings of 320,810 shares.

Richard Ramsay
Chairman
13 June 2017

[1] In the event of any discrepancies between the Annual Report and the accompanying Circular in relation to the Company's share capital and Resolutions for the AGM, the Circular should be considered to contain the correct figures. Any such discrepancies will only have arisen due to the slightly different cut-off dates for such data and the efficient operation of the Discount Control Mechanism.

Investment Manager's Review

Overview

In important respects, the year under review was the reverse of the previous year. Where in 2015/16 both bond yields and equity markets had fallen, in 2016/17 they both rose. This was a reflection of improving prospects for global economic growth, with the OECD World Leading Index beginning to turn up in the first half of 2016. China's economy also showed signs of stabilisation, having seen various economic indicators falling the previous year.

However, in other respects, the year was a continuation of the previous year. Unemployment rates continued to fall across the developed world, with rates in the US and the UK reaching pre crisis lows. As for commodities, they on the whole continued to struggle, though the better global economic growth did help the price of some industrial metals to rise.

Against this backdrop, SIGT performed well, both in absolute terms and in relation to the average return of its peers, though it should be noted that its mid cap holdings in the UK and lack of safe haven bonds did not serve it particularly well in the days following the Brexit referendum.

Indeed, the Brexit referendum was probably the first notable event of the year under review. Opinion polls had 'remain' overwhelmingly the favourite but were proven wrong. It seems that there were factors that the polls didn't pick up, such as the higher voter turnout among 'leavers'. Markets reacted violently, with sterling and equity markets, particularly mid caps, plummeting and Gilts soaring. The Bank of England, having predicted economic Armageddon in the event of a vote to leave, quickly lowered interest rates. Financial markets elsewhere around the world were also impacted.

However, equity markets soon bounced back, as it was quickly realised that the world had not fallen apart, and that weak sterling would in fact be positive for the UK economy and its companies, particularly those with overseas earnings. Furthermore, confidence and sentiment that had fallen in the months leading up to the vote, also bounced back, with pent up demand also providing an economic boost. The ten-year Gilt yield nearly touched 0.5% in August, but by December was back at

1.5%. Global equity markets rose almost in a straight line from the beginning of July and at the time of writing are still well supported. SIGT was overweight equities relative to its strategic asset allocation throughout this entire period and so was well positioned to benefit.

The other 'shocking' event of the year was Donald Trump's victory in the US presidential election. Once again, the pollsters got it wrong – 2016 was their *annus horribilis* – though unlike Brexit, the market reaction was not so extreme. Many of Trump's pre-election pledges had been pro-growth, and perhaps it was these that financial markets quickly began to discount. That said, President Trump has thus far struggled to push through these pro-growth pledges, with successes being limited to restrictions on foreign visitors and new security measures on certain airlines.

On the economic front, the Fed raised interest rates twice, in December and March. These increases were justified by the strengthening economy, which was continuing to put upward pressure on inflation. However, the increases also put upward pressure on the US dollar, which helped to dampen imported inflation pressure. We may well be seeing the first signs that the 'race to debase' is being replaced by the 'race to rebase', meaning that central banks are starting to become more concerned with normalisation of monetary policy than with stimulating economies via weak exchange rates. Thus far, of the major developed economies, only the US has raised rates, but it also appears that the case for increases in other countries is strengthening.

Over on the continent, economic prospects also continued to improve. While unemployment in the US, the UK and Japan peaked shortly after the end of the global financial crisis, in the Eurozone it did not peak until 2013. Furthermore, the European unemployment rate peaked at 12%, whereas peaks elsewhere had been much lower. Thus, although unemployment has been falling since 2013, it has only in the second half of 2016 fallen below 10%. The implication of this is that monetary policy in the Eurozone remained very loose and indeed bond buying programs were extended. Encouragingly, Eurozone core inflation that began the year at 0.7% finished it at 1.2%. This is still below the ECB's target, but at least it has been heading in the right direction.

On the political front, aside from the Brexit referendum, risks remained elevated, though towards the end of the year pro-European, centrist rivals defeated populist candidates in both France and Holland. As a result the Euro finished the year on a strong note.

While inflation is now either normal or moving in the right direction in the US, the UK and the Eurozone, it has been a different story in Japan. The strong Yen has pushed core inflation back into negative territory, and it seems that Bank of Japan governor Kuroda has come close to conceding defeat. It would appear that even the loosest of monetary conditions is hard placed to confront the deflationary pressures of a shrinking population.

As for the emerging world, there were signs of an improving picture, though for different reasons in different countries. Brazil and Russia had been battling with double-digit inflation, but both saw levels fall to mid single digits by the end of the year under review. China on the other hand had the opposite problem, with core inflation in early 2015 well below the central bank's target. Since then, inflation has been rising, and the first few months of 2017 have seen it stable around 2%. As a result of the improving inflation picture, emerging market equities as well as currencies have on the whole been strengthening, having been relatively weak for a number of years previously.

To conclude, the year was a good one for risk assets, and for SIGT, which was positioned to benefit from such a backdrop. As we had noted last year, the large outflows from equities did indeed turn out to be a contrary indicator.

Performance

Markets made solid advances over the period despite the major political shocks of the Brexit referendum and the result of the US Presidential Election. Investors in the United Kingdom benefitted from seeing overseas equity market strength being further boosted by the extreme weakness of sterling in the aftermath of the decision taken to leave the European Union.

Against this background the portfolio produced a very strong return, albeit the concentration on UK mid cap equities, coupled with having no exposure to developed market sovereign bonds, proved challenging in the weeks immediately after the Brexit vote. However, by the period end SIGT had produced a net asset value (NAV) total return of +19.6%. The share price total return was + 20.7%, as the shares moved to trade at a slightly higher premium to NAV by the year end. Both outturns were well ahead of the benchmark return (3 month LIBOR +3%) of +3.5%. In addition, this performance compared reasonably well with most of the comparator indices, whose returns were: FTSE All-Share Index +20.1%, FTSE All-World ex UK Index +32.0%, FTSE UK Private Investor Balanced Index +18.7%, and FTSE Gilts All-Stocks Index +8.2%. As in previous years returns were delivered with a level of volatility that was significantly below that of the FTSE All-Share Index (as measured by Morningstar).

One of the primary objectives for your Managers is to provide shareholders with a good and growing dividend, which rises in real terms. Income from the portfolio is generated from a diversified range of assets, where security of income and potential for this to rise is a major focus of our investment approach. It is therefore pleasing to report that dividend growth of +3.5% has been achieved this year, which compares favourably with UK CPI (EU harmonised) inflation of +2.7%. This uplift in dividends marks the fourth consecutive year of rises above the rate of inflation, which has been achieved whilst also providing for increases in the Company's revenue reserve in each of these years.

All asset classes made a contribution to the overall return achieved, with overseas equities being the largest contributor, producing a return of +24.9%, as portfolio holdings benefitted from both strong underlying markets, but also the weaker pound. However, the value oriented managers we invest through to access overseas equity markets generally struggled to match their respective indices. We firmly believe that the value style will enhance returns over the longer term, and are encouraged by the level of relatively low valuations and above market yields we see in the portfolios of the third party managers used.

UK equities, in which we invest directly, also made a major contribution to the overall return, although the emphasis on mid-sized companies proved challenging in the immediate aftermath of the Brexit referendum, as mid-caps were sold aggressively by investors in favour of larger companies with significant overseas earnings. However, as the period progressed the underlying strong fundamentals of portfolio holdings were better appreciated by the market, leading to a strong rally in share prices. By the end of the period the UK equity portfolio had returned +18.4%.

Specialist asset holdings, which consist of infrastructure, private equity, property and specialist financials, also made a positive contribution, with the high levels of income generated providing a major positive impact on the returns achieved in this area. The outturn for specialist assets was +15.1% over the year.

All fixed income holdings gave positive returns over the period. Emphasis throughout the year has been concentrated on investment in high yield corporate bonds and emerging market sovereign debt, with both being areas where we find value. We continue to believe that developed market 'safe haven' bonds, such as gilts, offer very unattractive yields and returns are likely to be challenged going forward by rising inflation and higher interest rates. Fixed income holdings produced a return of +13.5%.

Contribution analysis by individual holdings in the 12 Month period to 30 April 2017

Top 6 Contributors	**Asset Class**	**Contribution to Return**
Fair Oaks Income Fund	Specialist Financial	+1.06%
Aberdeen Asian Income Fund	Asia Pacific ex Japan	+0.80%
Diploma	UK Equities	+0.78%
BlackRock World Mining Trust	Global	+0.72%
Schroder Oriental Income Fund	Asia Pacific ex Japan	+0.71%
Morgan Advanced Materials	UK Equities	+0.71%

Bottom 6 Contributors	**Asset Class**	**Contribution to Return**
BT Group	UK Equities	-0.51%
International Personal Finance	UK Equities	-0.44%
Marks & Spencer	UK Equities	-0.12%
BHP Billiton	UK Equities	-0.12%
Schroder European Alpha Income Fund	Europe ex UK	-0.10%
Halfords	UK Equities	-0.09%

The broad ranging nature of portfolio returns during the year is well demonstrated by the list of holdings making the largest contributions. It is also pleasing to note that there were only two major detractors to performance, namely BT Group, which was hit by accounting problems in its Italian business; and International Personal Finance, which was sold following a proposed regulatory development severely impacting the prospects for its Polish lending business.

Asset Allocation

SIGT's strategic asset allocation is positively oriented, with 60% in equities, 15% in specialist assets (formerly 'alternatives'), 15% in fixed income and 10% in property. As of the end of the review period, the tactical asset allocation targets in the four segments were 61.0%, 22.2%, 8.2% and 5.8% respectively, with a cash target of 2.8%.

The most significant change in asset allocation over the period was a decrease in the equities overweight from 5%pts to 1%pt. This reduction was made in four steps of 1%pt each in the latter part of the review period, and came mostly in overseas equities. As equity markets rose, valuations became less compelling, and thus the case for being quite so overweight was reduced. Given that sterling looked significantly undervalued, and that the case for maintaining the positions in SIGT's UK mid-caps was still strong, it made sense that we reduced overseas equities rather than domestic ones. Specifically, most of the reduction was made in Europe, where SIGT had been most overweight.

Elsewhere, the increase to fixed income was represented both by a new allocation to emerging market local currency debt, as well as to increases in existing high yield bond funds.

UK Equities

Your Manager's value approach continues to unearth companies with attractive valuations, which are also good quality businesses, as demonstrated by high levels of return on equity, strong balance sheets and dividends that are higher than we would expect given their quality. Focus remains on the mid-cap part of the UK market (FTSE 250), where companies tend to be less well researched than the larger (and over owned) FTSE 100 companies.

Exposure to UK equities remained slightly below the long term strategic asset allocation throughout the period, with much of the UK market offering no better than fair value and certain parts looking expensive. However, during the period we identified several opportunities to invest in new holdings which we felt offered the sought after combination of low valuations and good quality.

New positions were initiated in soft drinks manufacturer and distributor Britvic; Conviviality, the UK's largest franchised off licence and convenience store operator, and largest UK independent wholesaler to the on-trade; and Essentra, the manufacturer and distributor of specialist plastic, fibre, foam and packaging products. We also made new commitments to One Savings Bank, the specialist buy to let mortgage lender; RPC, the provider of specialist plastic packaging solutions to a wide range of industries; and Ultra Electronics, which applies specialist electronic and software capabilities in demanding environments to numerous industries including aerospace, defence, cyber security, transport and energy.

Funding for these purchases was provided by the sale of BHP Billiton and Royal Dutch Shell, with the latter worthy of comment as it had only been bought at the end of 2015 following the dramatic fall in oil prices, which had resulted in the company's shares trading at levels we felt were discounting too much, leaving the shares looking very cheap. However, the value offered on acquisition was quickly realised as the shares rallied strongly, at which point we sold the position due to our concerns over the longer term prospects and underlying quality of the business.
Other positions sold during the period included International Personal Finance, where business prospects were severely affected by proposed changes to the regulatory environment in Poland, which makes up around 50% of the company's profits; and Ashmore, the emerging market debt fund manager, where the valuation was looking stretched following a period of strong share price performance.

The market volatility post Brexit provided the opportunity to add to positions in several mid-cap holdings and this has proven beneficial to returns as prices have subsequently rallied strongly, supported in many cases by trading updates ahead of market expectations.

Overseas Equities

Overseas equity fund selection remains biased towards managers adhering to a value approach. We are also attracted to managers who have proven defensive in less buoyant market conditions and who can deliver returns with lower volatility than their benchmark indices. Managers must also be able to demonstrate a high level of 'active share', with positions held being as a result of high conviction decisions, rather than just owning large index constituents due to their significance within a benchmark.

Overall exposure to overseas equities has been reduced, as we locked in the very strong returns, particularly those seen in the period post Brexit, when overseas market advances had been further supported by sterling weakness. This strength, we felt, had resulted in some areas reaching valuations that had become less compelling and thus profit taking was warranted.

During the period we have moved to further consolidate holdings, a process started in the previous financial period, to ensure that the confidence we have in the third party managers used is fully reflected in the portfolio.

This consolidation process led to the exit from investments with BlackRock Continental European Income Fund and Schroder European Alpha Income Fund. Proceeds from these sales were deployed in a new position in the more clearly value oriented Invesco Perpetual European Equity Income Fund. However, this position was subsequently reduced as the weighting to European equities was lowered later in the period following strong performance and to reflect our concerns over the political outlook in Europe. Nonetheless, the portfolio remains overweight with valuations for European companies still appearing attractive, particularly as the economy is only in the early stages of recovery.

US equity exposure, where an underweight position had been held at the start of the period, was further reduced on valuation grounds. This reduction in weighting was achieved through the sale of the IShares MSCI USA Dividend Fund, with proceeds being only partly redeployed into the existing holding in the Cullen Global North American High Dividend Value Fund. Later in the period, as the US market continued to advance and the dollar strengthened against sterling, the Cullen position was also reduced.

Asian and emerging market returns have been amongst the strongest over the period, and this has been beneficial to your Company's overall returns, with a structurally (long term) overweight position being held in Asian equities. As with other overseas fund holdings some consolidation of holdings has been carried out. To this end Liontrust Asian Equity Income Fund together with Schroder Oriental Trust were sold. Whilst both managers had performed well, we felt they were not fully committed to the value investing style. The proceeds from these sales were committed to further investment in the Aberdeen Asian Equity Income Fund, which we were able to buy at a discount to net asset value, following a period where the manager's performance had been relatively poor, which is at odds with a good longer term track record.

There was little activity in the Japanese positions held during the period, although, as with other overseas equity positions, profits were taken to lock in the strong returns achieved. We continue to believe that the Japanese market is attractive due to changes in corporate culture, which offer excellent opportunities for active, value oriented investment managers.

Specialist Assets (including property)

There have been several significant changes within the specialist assets portfolio during the period, with two of the specialist financial holdings, namely Ranger Direct Lending and SQN Asset Finance, being sold. In both cases we became concerned about their asset quality, which brought into question the thoroughness of the due diligence being carried out by the managers. However, we still believe that there are attractions in supporting investment in direct lending, where traditional banks have pulled back their operations over recent years. We therefore added two new positions in the form of Funding Circle SME Income Fund and RM Secured Income Fund. Both companies are lending to the SME (small and medium enterprise sector) and originate their own loans, which we feel is important in obtaining clarity over the level of due diligence being carried out to protect investors and maximise returns.

Within infrastructure related assets Bluefield Solar Income Fund was sold in favour of a small further investment in John Laing Environmental Assets Group. In addition, a new investment was made in International Public Partnerships Limited. In both cases we are attracted to the significant opportunities available to the companies across a wide range of infrastructure assets. We also believe that both companies are conservative in valuing their existing assets.

There were only two significant changes made to property holdings over the period; firstly, the holding in GCP Student Living was sold, having given a good capital return since its IPO in May 2013, but where the yield had fallen to a less attractive level (below 4%); secondly, a new investment in Civitas Social Housing was made, with the company seeking to invest in a broad portfolio of social homes, largely expected to be bought from housing associations wanting to free up capital to invest in new social housing projects.

The most significant private equity investment is your Company's unquoted shareholding in A J Bell Holdings (AJB), which is one of the primary providers of self-invested personal pensions (SIPPs) and now also one of the UK's largest investment platforms and retail stockbrokers. The carried value for this investment was last increased in May 2015 to 600p per share (from 575p) following a partial sale of the holding. The carried value has since been reviewed but has remained at 600p throughout the current year. However, the company released its full year results (to 30 September 2016) in December 2016. These results demonstrated significant growth in both client numbers (up 17%) and assets under administration (up 22%). In addition pre-tax profits and revenue increased by 8% and 13% respectively. This progress in profitability and key business metrics is being closely monitored. We are cognisant that the current carried value, which equates to a prospective price earnings ratio (PER) of 15.9x and a yield of 4.3% (to 30 September 2017, based on Shore Capital Stockbrokers forecasts) compares favourably with its main quoted comparator, Hargreaves Lansdown, which was trading as at the end of April at a prospective PER of 32x and yield of 2.9% (source: Bloomberg consensus forecast). AJB reports interim results to 31 March 2017 in late May and the carried value will be reviewed subsequently.

Fixed Income

Exposure to fixed income was increased during the period, with additions to the existing holdings in Royal London Short Duration High Yield Bond Fund, a very defensively positioned sub investment grade fund; and in Templeton Emerging Markets Bond Fund, which offers a yield of 9% from a value oriented strategy investing in EM sovereign local currency debt. We feel there remains significant potential for capital gains as better fundamentals for emerging market economies become more widely appreciated. Part of this increased investment in the Templeton fund was funded by the Maya Gold & Silver Debenture, which matured at par at the end of March. The fixed income holdings remain absent of any developed market sovereign bond exposure. We consider these 'Safe Haven' bonds to offer very little value and current yields do not compensate investors for the threat of rising inflation and normalisation of interest rates, a process which has already begun in the United States.

Outlook

The global economy has been strengthening in recent months, which means that we are now further into the current business cycle that begun in 2009. Indeed, the current cycle has already been longer than average, though to a great extent this is a function of the severity of the contraction that preceded it – the worse the 'accident', the longer the recovery. We thus feel that it is now time to start thinking about the next global economic contraction, which we anticipate will occur in or around 2020. This prediction is based on an extrapolation of current employment and inflation trends, as well as taking account of other factors such as structural slack in labour markets. If our timing is correct, the chances of which are slim, the current cycle will have lasted 11 years, much longer than a typical cycle.

As for asset allocation, we are at the point in the cycle when equity returns should start to fall, albeit remain positive, and so we would anticipate the reductions in equity weights that we have implemented in recent months to continue for the next two years. This would mean that by the time economic growth is showing signs of more persistent decline, SIGT should be materially underweight.

It is hard to say how severe the next downturn will be. There are some who argue that it will be mild, because this time monetary authorities have the tools to prevent economic weakness causing stress in financial markets. Others argue that it will be more severe, because debt levels are now higher and central banks will have less scope to lower interest rates or expand already bloated balance sheets.

Frankly, we do not know which is more likely, but are fairly confident that the next economic downturn, however severe, will see declines in equity markets. We will strive to protect investors from such through what we believe is a sensible asset allocation framework that enables SIGT to reduce market risk, perhaps significantly, when deemed appropriate.

Seneca Investment Managers Limited
13 June 2017

Income Statement
For the year ended 30 April 2017

		Year ended 30 April 2017		
	Notes	**Revenue £'000**	**Capital £'000**	**Total £'000**
Gains on investments		-	8,855	8,855
Income		3,500	-	3,500
Investment management fee		(265)	(265)	(530)
Administrative expenses		(462)	-	(462)
Exchange losses		-	(4)	(4)
Profit before finance costs and taxation		2,773	8,586	11,359
Finance costs		(44)	(44)	(88)
Profit before taxation		2,729	8,542	11,271
Taxation		(22)	22	-
Profit for year/ total comprehensive income		2,707	8,564	11,271
Return per share (pence)	**2**	6.78	21.43	28.21

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.
No operations were acquired or discontinued in the year.
The accompanying notes are an integral part of the financial statements.

Income Statement
For the year ended 30 April 2016

	Notes	Year ended 30 April 2016 Revenue £'000	 Capital £'000	 Total £'000
Losses on investments		-	(1,723)	(1,723)
Income		3,120	-	3,120
Investment management fee		(247)	(247)	(494)
Administrative expenses		(434)	-	(434)
Exchange gains		-	16	16
Profit before finance costs and taxation		2,439	(1,954)	485
Finance costs		(52)	(52)	(104)
Profit before taxation		2,387	(2,006)	381
Taxation		-	-	-
Profit for year/ total comprehensive income		2,387	(2,006)	381
Return per share (pence)	**2**	5.98	(5.03)	0.95

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Balance Sheet

	Notes	As at 30 April 2017 £'000	As at 30 April 2016 £'000
Fixed assets			
Investments held at fair value through profit or loss		72,931	64,668
Current assets			
Debtors and prepayments		667	396
Cash and short term deposits		3,341	676
		4,008	1,072
Creditors: amounts falling due within one year			
Bank loan		(7,000)	(7,000)
Other creditors		(159)	(112)
		(7,159)	(7,112)
Net current liabilities		**(3,151)**	**(6,040)**
Net assets		**69,780**	**58,628**
Capital and reserves			
Called up share capital		10,320	9,974
Share premium account		3,408	1,445
Special reserve		41,783	41,783
Capital redemption reserve		2,099	2,099
Capital reserve		10,883	2,319
Revenue reserve		1,287	1,008
Equity shareholders' funds		**69,780**	**58,628**
Net asset value per share (pence)	**3**	**169.04**	**146.95**

Statement of Changes in Equity
For the year ended 30 April 2017

	Share capital £'000	Share premium account £'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	-	-	-	-	8,564	2,707	11,271
Dividends paid	-	-	-	-	-	(2,428)	(2,428)
Discount control costs	-	(25)	-	-	-	-	(25)
New shares issued	346	1,988	-	-	-	-	2,334
Balance at 30 April 2017	**10,320**	**3,408**	**41,783**	**2,099**	**10,883**	**1,287**	**69,780**

Statement of Changes in Equity
For the year ended 30 April 2016

	Share capital £'000	Share premium account £'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	-	-	-	-	-	(2,344)	(2,344)
Balance at 30 April 2016	**9,974**	**1,445**	**41,783**	**2,099**	**2,319**	**1,008**	**58,628**

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

Cash Flow Statement

	£'000	Year Ended 30 April 2017 £'000	£'000	Year Ended 30 April 2016 £'000
Net return before finance costs and taxation		11,359		485
Adjustments for:				
(Gain)/loss on investments		(8,855)		1,723
Exchange movements		4		(16)
Dividends		(3,500)		(3,118)
Dividends received		3,406		3,227
Interest income		-		(2)
Interest income received		-		2
Loan interest paid		(85)		(117)
Increase in other debtors		(5)		(4)
Increase in other creditors		44		10
Net cash inflow from operating activities		**2,368**		**2,190**
Investing Activities				
Purchases of investments	(31,069)		(38,024)	
Sales of investments	31,657		37,621	
Net cash inflow/(outflow) from investing activities		**588**		**(403)**
Financing Activities				
Proceeds of issue of shares	2,141		-	
Equity dividends paid	(2,428)		(2,344)	
Net cash outflow from financing activities		**(287)**		**(2,344)**
(Decrease)/increase in cash		(2,669)		(557)
Exchange movements		(4)		16
Opening balance		676		1,217
Closing balance		**3,341**		**676**

Principal Risks and Uncertainties

The principal risks faced by the Company are: investment and strategy risk; market risk; financial risk; earnings and dividend risk; operational risk; regulatory risk and key man risk. These risks, which have not changed materially since the annual report for the year ended 30 April 2016, and the way in which they are managed, are described in more detail in the annual report for the year ended 30 April 2017. The report will be made available on the manager's website www.senecaim.com during June 2017.

Risk management, financial assets and liabilities

The Company's financial instruments comprise:

- Equities that are held in accordance with the Company's investment objective;
- Term loans, the main purpose of which are to raise finance for the Company's operations;
- Cash and liquid resources that arise directly from the Company's operations; and
- Other short term debtors and creditors

The main risks arising from the Company's financial instruments are market risk, interest rate risk, credit risk, liquidity and foreign currency risk. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the inception of the Company.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is not considered to be significant as the Company's assets comprise of mainly readily realisable securities, which can be sold to meet funding commitments if necessary.

Market risk
Market risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

To mitigate the risk the Board's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long term investments. The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy.

Interest rate risk

Financial assets
Prices of bonds and open ended investment companies (on a look-through basis) are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, the Government's fiscal position, short-term interest rates and international market comparisons. The Investment Manager takes all these factors into account when making any investment decisions as well as considering the financial standing of the potential investee company.

Financial liabilities
The Company finances its operations through the use of a loan facility. The Board sets borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis.

Foreign currency risk
The income and capital value of the Company's investments are mainly denominated in Sterling; therefore, the Company is not subject to any material risk of currency movements.

Other price risk

Other price risks (i.e. changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. The allocation of assets to international markets and the stock selection process both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The vast majority of investments held by the Company are listed on various stock exchanges worldwide.

Credit risk
Credit risk represents the failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.
The risk is not considered significant, and is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the Investment Manager, and limits are set on the amount that may be due from any one broker;
- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports by the Administrator on a daily basis. In addition, the Administrator carries out a stock reconciliation to the Custodian's records on a weekly basis to ensure discrepancies are picked up on a timely basis. The Manager's Compliance department carries out periodic reviews of the Custodian's operations and reports its findings to the Manager's Risk Management Committee; and
- cash is held only with reputable banks with high quality external credit enhancements.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Statement of Directors' Responsibilities
The Directors are responsible for preparing the Annual Report and financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they present a fair, balanced and understandable report and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006, where applicable. They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Statement of Corporate Governance that comply with that law and those regulations. The financial statements are published on www.senecaim.com which is a website maintained by the Company's Manager. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company;

- that in the opinion of the Directors, the Annual Report and Accounts taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's performance, business model and strategy; and

- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

For Seneca Global Income & Growth Trust plc
Richard Ramsay
Chairman
13 June 2017

Notes

1. The financial statements have been prepared in accordance with Financial Reporting Standard 102 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. The financial statements are prepared in sterling which is the functional currency of the Company and are rounded to the nearest £'000. They have also been prepared on the assumption that approval as an investment trust will continue. The financial statements have been prepared on a going concern basis.

2. Return per ordinary share

   The revenue return per Ordinary share is calculated on net revenue on ordinary activities after taxation for the year of £2,707,000 (2016 - £2,387,000) and on 39,954,635 (2016 – 39,896,361) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

   The capital return per Ordinary share is calculated on net capital profit for the year of £8,564,000 (2016 – loss of (£2,006,000)) and on 39,954,635 (2016 – 39,896,361) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

   The total return per Ordinary share is calculated on total return for the year of £11,271,000 (2016 – gains of £381,000) and on 39,954,635 (2016 – 39,896,361) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

3. Net asset value per ordinary share

   The net asset value per Ordinary share is based on net assets of £69,780,000 (2016: £58,628,000) and on 41,281,361 (2016: 39,896,361) Ordinary shares, being the number of Ordinary shares in issue at the year end.

4. Dividends

   A fourth interim dividend in respect of the year ended 30 April 2017 of 1.58p (2016 – 1.52p) per Ordinary share was paid on 9 June 2017 to shareholders on the register on 19 May 2017. In accordance with UK Accounting Standards this dividend has not been included as a liability in these accounts and will be recognised in the period in which it is paid.

5. Related parties

   The Directors of the Company receive fees for their services.

6. Bank loan facility

   The Company has a £11 million revolving loan facility in place with Royal Bank of Scotland plc, of which, at 30 April 2017, £7 million had been drawn down at an all-in fixed rate of 0.9551% until 31 May 2017. The facility runs until October 2017 and can be cancelled at any time without cost to the Company.

7. Financial information

   These are not full statutory accounts for the year ended 30 April 2017. The full audited annual report and accounts for the year ended 30 April 2017 will be sent to shareholders in June 2017 and will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The full audited accounts for the year ended 30 April 2016, which were unqualified, have been lodged with the Registrar of Companies.

8. The report and accounts for the year ended 30 April 2017 will be made available on the website www.senecaim.com. Copies may also be obtained from the Company Secretary's office, PATAC Ltd, 21 Walker Street, Edinburgh EH3 7HX.

Enquiries:

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