

## Seneca Global Income & Growth Trust plc

February 2018



### Research area

Asset allocation  
UK equities  
Specialist assets  
Fixed Income &  
Overseas equity

### Investment team

Peter Elston - chief investment officer \*  
Mark Wright - fund manager  
Richard Parfect - fund manager  
Tom Delic - fund manager

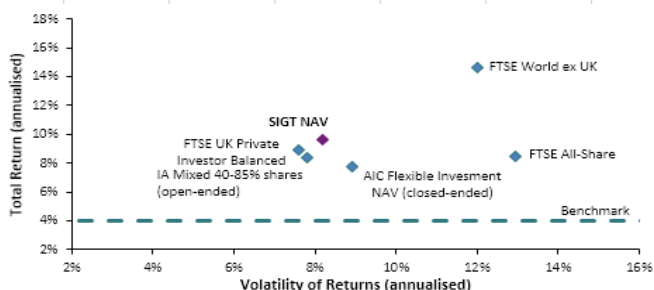
\* Portfolio oversight (process implementation, cash and cashflow management)

### Investment objective

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 Multi-Asset Value Investment Policy.

The manager takes active allocation decisions within defined ranges. These tactical moves are made through a combination of direct investment and commitments to third party funds, both open and closed end.

### Volatility vs return over 5 years (%)



Source: SenecaIM, Bloomberg & Morningstar from 31.01.2013 to 31.01.2018. Performance & Volatility vs. comparative indices (FTSE World ex-UK, FTSE UK Private Investor Balanced, AIC Flexible Investment Sector, FTSE All Share and IA Mixed 40-85% shares)

### Commentary

- The fund's equity target was reduced by 1%pt towards the end of the month, with proceeds being moved into cash
- In order to maintain the fund's required income stream, we have started investing in an enhanced income fund that uses derivatives to provide a higher yield
- The US dollar continued to decline in January, as prospects of looser fiscal policy and higher interest rates elsewhere increased
- Equity markets, commodities prices and bond yields all rose during the month
- The TAA reduction to UK equities was facilitated by reducing holding target weights across several holdings, rather than exiting a position
- Dairy Crest delivered a strong trading update with total revenue rising 7%, driven by strong sales of Cathedral City and Frylight
- We added to short duration high yield exposure, bringing the Royal London Short Duration Global High Yield Bond Fund up to target weight
- Due to the sell-off experienced by the listed infrastructure vehicles regarding concern over PFI and exposure to Carillion, we added to the holding of International Public Partnerships which has the smallest exposure to PFI type assets and experienced no material impact from Carillion.

Cumulative performance (%)	3 months	6 months	1 year	3 years	5 years	Sharpe ratio <sup>1</sup>
Trust share price (bid)	-0.4	2.1	14.0	45.6	77.7	2.3
Trust NAV	-0.3	1.7	12.6	34.4	58.1	1.1
Benchmark	1.7	4.2	6.0	13.7	21.9	0.8

Discrete annual performance (%)	31/01/2018	31/01/2017	31/01/2016	31/01/2015	31/01/2014
Trust share price (bid)	14.0	18.2	8.1	7.1	13.9
Trust NAV	12.6	19.2	0.2	7.9	9.0
Benchmark	6.0	3.5	3.6	3.6	3.5

Morningstar Rating 3 Year



Morningstar Rating 5 Year



Past performance should not be seen as an indication of future performance. The value of investments and any income may fluctuate and investors may not get back the full amount invested.

Source: SenecaIM, Bloomberg & Morningstar. Share prices calculated on a total return basis with net dividends reinvested. NAV returns based on NAVs excluding income and with debt valued at par. Returns do not include current year revenue. Benchmark: LIBOR GBP 3 Months +3% to 06.07.17 thereafter CPI plus 6 per cent after costs. The information on this factsheet is as at 31.01.2018 unless otherwise stated.

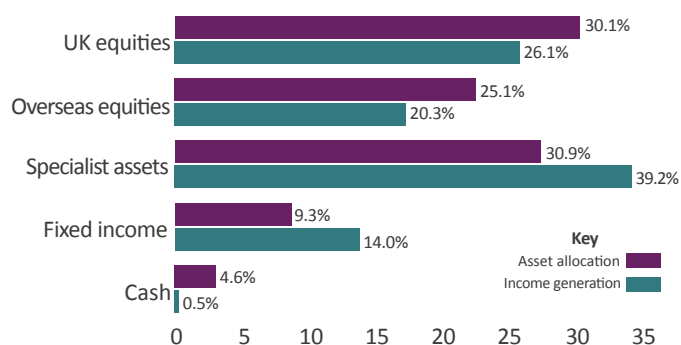


<sup>1</sup>A risk-adjusted measure. It is calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. The Sharpe ratio is calculated for the past 60-month period by dividing a fund's excess returns by the standard deviation of a fund's excess returns. The benchmark is the AIC Flexible Investment sector NAV.

<sup>2</sup> Seneca IM defines a typical investment cycle as one which spans 5-10 years, and in which returns from various asset classes are generally in line with their very long term averages.

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## Asset allocation & income generation (%)



### UK direct equities

1	Ultra Electronics Holdings	1.7%
2	Kier Group	1.6%
3	BT Group	1.5%
4	Phoenix Group	1.5%
5	Marks & Spencer	1.5%

### Overseas equities

1	CC Japan Income & Growth Trust	3.1%
2	European Assets Trust	3.0%
3	Samarang Asian Prosperity	3.0%
4	Schroder Asian Income Maximiser	2.9%
5	Liontrust European Enhanced Income	2.5%

### Fixed income

1	Royal London Short Duration Global High Yield Bond	4.2%
2	TwentyFour Select Monthly Inc	2.0%
3	Templeton EM Bond	1.9%
4	1.1% Royal London Sterling Extra Yield Bond	
5	N/A	

### Specialist assets

1	AJ Bell Holdings*	2.8%
2	International Public Partnership	2.5%
3	Doric Nimrod Air Two	2.2%
4	Aberdeen Private Equity Fund	2.0%
5	Fair Oaks Income Fund	1.9%

\* Unquoted investment Source: Seneca IM

## Dividend payments

	2015	2016	2017	2018
March	1.40p	1.47p	1.52p	1.58p*
June	1.47p	1.52p	1.58p	1.58p*
September	1.47p	1.52p	1.58p	tba
December	1.47p	1.52p	1.58p*	tba

\*Dividend note: Minimum, as stated in RNS dated 30.11.2017

Source: Bloomberg / RNS

## Key facts

Current dividend yield**	3.6%
Total gross assets	£85.72m
Debt	£7.0m
Total net assets <sup>1</sup>	£78.72m
Gearing <sup>2</sup>	8.9%
NAV with income	174.01p
Share price (mid)	176.00p
Premium (discount)	1.1%
Ongoing charges <sup>3</sup>	1.61%
Results to be announced	Final: June Interim: December
Year end	30 April
Next AGM	July 2018
Bloomberg	SIGT LN
SEDOL	0876999
Financial Times	Investment companies
AIC sector	Flexible Investment
ISA eligible	Yes, the trust is fully ISA eligible

1. Excl. current period revenue and debt 2. Gearing is the proportion of the company's debt to its total net assets 3. Based on expenses as at 30.04.2017. Annual Investment Management Fee. Based on Market Cap (from 01.07.2014): below £50m = 0.90%, above £50m = 0.65%  
Source: PATAc limited, Seneca IM, Cantor Fitzgerald, Bloomberg

## Contact us

**Andrew Davey - broker to the company**  
Cantor Fitzgerald Europe  
D 0207 894 8646  
E ADavey@cantor.com

**Steve Hunter - head of business development**  
D 0151 906 2481  
M 07470 478 974  
E steve.hunter@senecaaim.com

**Steven Cowie - company secretary**  
PATAc Limited  
T 0131 538 6604  
E steven.cowie@patplc.co.uk

**David Thomas - chief executive**  
D 0151 906 2480  
M 07469 392 164  
E david.thomas@senecaaim.com

## Important information

Current yield\*\*: the yield calculation is based on the latest quarterly dividend, annualised, compared against the month end share price. The income generation % is calculated according to a forecast for the next twelve months, based on historic dividends, and is not guaranteed.

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## Seneca Investment Managers Limited

Tenth Floor, Horton House, Exchange Flags, Liverpool, L2 3YL.

T 0151 906 2450 E [info@senecaaim.com](mailto:info@senecaaim.com) W [senecaaim.com](http://senecaaim.com)

## Multi-Asset Value Investing