

## Seneca Global Income & Growth Trust plc

November 2017



### Research area

Asset allocation  
UK equities  
Specialist assets  
Fixed income  
Overseas equity & investment themes

### Investment team

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

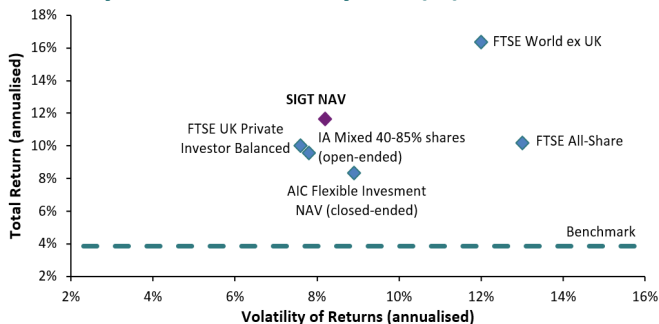
\* Portfolio oversight (process implementation, cash and cashflow management)

### 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 a Multi-Asset 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 31.10.2012 to 31.10.2017. 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

- Equity weight lowered further to 58% as further evidence of continued progression of the business cycle emerged in the form of stronger purchasing manager indices
- The reduction came in Japanese equities, with both the Goodhart Michinori Japan Equity Fund and CC Japan Income & Growth Trust being reduced. Proceeds were spread between short duration high yield bonds and specialist assets, where yields still look decent.
- European markets were boosted by the European Central Bank's announcement that its asset purchase program would be extended for nine months
- Intermediate Capital was exited on valuation grounds. The dividend yield had close to halved since 2014, to stand at just 3%.
- Corporate activity within the specialist lending sector highlighted the value that exists in the sector. First Rand approached Aldermore, providing some readacross to OneSavings Bank.
- Small additions were made to the Invesco Perpetual European Equity Income Fund and European Assets Trust in order to bring positions to target weight
- The only significant transaction was an increase in the holding of the Royal London Global Short Duration High Yield Bond Fund following a lift in the tactical asset allocation to corporate bonds
- We supported the further equity raising by Greencoat UK Wind having previously taken profits at higher price levels. The management team have built a solid portfolio of wind assets.
- After a solid first 10 months building a conservatively balanced portfolio of asset backed loans, we participated in the further equity issuance by RM Secured Direct Lending.

Cumulative performance (%)	3 months	6 months	1 year	3 years	5 years	Sharpe ratio <sup>1</sup>
Trust share price (bid)	2.5	6.1	16.7	51.0	101.2	2.7
Trust NAV	2.0	6.1	15.0	39.6	73.3	1.3
Benchmark	2.5	3.4	5.1	12.8	20.9	0.9

Discrete annual performance (%)	31.10.2017	31.10.2016	31.10.2015	31.10.2014	31.10.2013
Trust share price (bid)	16.7	15.7	11.8	5.6	26.1
Trust NAV	15.0	12.7	7.7	1.1	22.8
Benchmark	5.1	3.6	3.6	3.6	3.5

Morningstar Rating 3 Year



Morningstar Rating 5 Year



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. Past performance should not be seen as an indication of future performance. The information on this factsheet is as at 31.10.2017 unless otherwise stated. The value of investments and any income may fluctuate and investors may not get back the full amount invested.

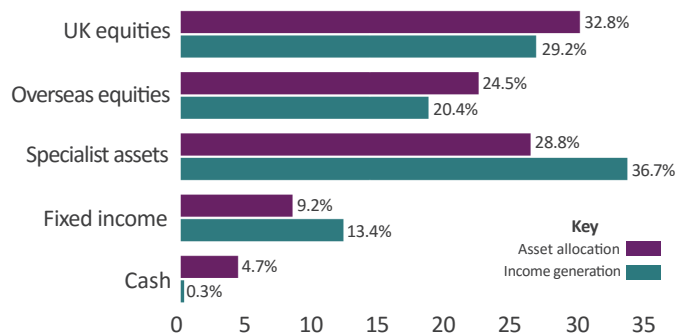


<sup>1</sup> A risk-adjusted measure. It is calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. The Sharpe ratio is calculated for the past 60-month period by dividing a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

# Seneca Global Income & Growth Trust plc

## Asset allocation & income generation (%)



### UK direct equities

1	OneSavings Bank	1.6%
2	Kier Group	1.6%
3	National Express Group	1.5%
4	Ultra Electronics	1.5%
5	Marston's	1.5%

### Overseas equities

1	Aberdeen Asian Income	3.9%
2	European Assets Trust	3.0%
3	Schroder Asian Income Maximiser	2.8%
4	Invesco Perpetual European Equity Income	2.5%
5	Liontrust European Enhanced Income	2.5%

### Fixed income

1	Royal London Short Duration Global High Yield Bond	4.2%
2	TwentyFour Select Monthly	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*	2.9%
2	International Public Partnership	2.4%
3	Doric Nimrod Air Two	1.9%
4	Aberdeen Private Equity	1.8%
5	Fair Oaks Income	1.8%

\* Unquoted investment Source: Seneca IM

## Dividend payments

	2014	2015	2016	2017
March	1.34p	1.40p	1.47p	1.52p
June	1.40p	1.47p	1.52p	1.58p
September	1.40p	1.47p	1.52p	1.58p
December	1.40p	1.47p	1.52p	1.58p*

\*Dividend note: Minimum, as stated in RNS dated 09.08.2017

Source: Bloomberg / RNS

## Key facts

Current dividend yield**	3.5%
Total gross assets	£83.85m
Debt	£7.0m
Total net assets <sup>1</sup>	£76.85m
Gearing <sup>2</sup>	9.1%
NAV with income	176.16p
Share price (mid)	178.25p
Premium (discount)	1.2%
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

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## 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 and is not guaranteed.

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Multi-Asset Value Investing