To: RNS
From: Seneca Global Income & Growth Trust plc
LEI: 213800OQTUSRFDIL9L29
Date: 4 December 2017

SENECA GLOBAL INCOME & GROWTH TRUST PLC ANNOUNCES INTERIM RESULTS

Unaudited results for the six months ended 31 October 2017

Highlights for the period

- **Net Asset Value total return +6.1% vs Benchmark +3.4%**
- **Share Price total return +6.1%**
- **Quarterly Dividend increased by 3.9% to 1.58p**
- **Annualised volatility 5.1% compared with 7.5% for the FTSE All-Share Index**
- **AGM approved changes to the Investment Objective and Policy**
- **Discount Control Mechanism - net issuance of £4.9m worth of Shares**
- **Shares traded at a small premium to Net Asset Value for almost all the period**

Performance

Seneca Global Income & Growth Trust plc ('SIGT' or 'the Company'), generated a net asset value ('NAV') per share total return of +6.1% for the six months to 31st October 2017, which was better than the Benchmark return of +3.4%. At the AGM held on 6th July, Shareholders overwhelmingly approved a change to the Company's Investment Objective, and therefore its Benchmark, to 'Over a typical investment cycle, the Company will seek to achieve a total return of at least CPI plus 6% per annum after costs with low volatility, and with the aim of growing the aggregate annual dividends at least in line with inflation, through the application of a Multi-Asset Investment Policy.' Prior to 6th July, the Benchmark was 3-month LIBOR plus 3%, so that the actual Benchmark return for the six months to 31st October is the result of 'chain-linking' these different Benchmarks together. In addition, certain changes to the Investment Policy were approved at the AGM that provided Seneca Investment Managers Ltd ('SIML' or 'the Manager') with greater flexibility to achieve the new Objective. The Manager's Review provides detailed analysis on performance for the period.

Dividends

The Company paid two interim dividends of 1.58p per share for the period, an increase of 3.9% 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 1.58p per share for the full year to 30th April 2018.

Discount Control Mechanism ('DCM')

The Company's DCM became fully effective from 1st August 2016, and in the six months under review, it bought-in 1m shares and issued (including those re-issued from treasury) 3.72m shares, for a net issuance of 2.72m shares. The Board is delighted to have been able to demonstrate its commitment to the DCM by both buying-in and issuing shares. The liquidity and lack of discount volatility that the DCM provides is, the Board believes, of real value to Shareholders.

Gearing

On 1st November, SIGT announced a new three year rolling debt facility of £14m which represents an increase in size of the facility (from £11m) and an increase to its term (from two years). The actual average net gearing level for the period was just less than 6%. The increased facility has been put in place largely to assist with the operation of the DCM. This will enable gearing levels to be maintained as the DCM results in the issuance of new shares, and/or will provide short term working capital should shares be bought-in.

Investment Manager

Alan Borrows' retirement, announced in March this year, occurs at the calendar year end and the Board would like to reiterate its gratitude to Alan for his service to the Company since

2005, and to wish 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, is a good foundation for the future.

Investment Management Industry Regulation

There are three elements of regulation that will impact the Company soon, and each requires some explanation.

The Alternative Investment Fund Managers' ('AIFM') Directive

SIGT has been a 'small registered UK AIFM' since 1st July 2014 by virtue of being less than Euro 100m in total assets (i.e. including gearing) and has therefore been outside the full scope of the Directive, which has saved costs. However, given the increase in size of the Company thanks to rising investment markets and the issuance of shares under the DCM, this situation is liable to change in the not too distant future. This eventuality has been anticipated by the Board and when PATAC Ltd were appointed as Secretary and Administrator in July 2016, they agreed to become the Company's AIFM when required, with Seneca Investment Managers Ltd absorbing this cost. There will still be some additional direct costs to SIGT, principally the requirement for a Depositary, and these will be kept as low as possible. It is not possible to be precise about when this situation will transpire, and Shareholders will of course be kept informed.

The Packaged Retail and Insurance-based Investment Products Regulation ('PRIIPs')

All investment trusts will be impacted by the PRIIPs regulation that comes into force on 1st January 2018. It introduces a new disclosure document known as a Key Information Document ('KID') that must be prepared and made available to retail investors before they invest. The purpose of the KID is to enable retail investors to compare different products across a common standard. The regulation sets down rules on the format and content of the KID and its provision to retail investors. There will be some cost to the Company of complying with this regulation, though again, this will be kept as low as possible.

Markets in Financial Instruments Directive II ('MiFID II')

Investment trusts themselves are not directly impacted by MiFID II, but their managers, distributors and brokers will be once it comes into force on 3rd January 2018. Perhaps the most important impact for many managers, is that the cost of obtaining research from brokers will be 'unbundled' within clients' overall commission payment for buying and selling investments. In turn, these research costs may (effectively) continue to be borne by the client (SIGT in this case) or paid for direct by the manager (SIML). Many managers have yet to announce their policy on this but your Manager, SIML, has agreed to bear such research costs. This should mean that commission costs for the Company will be lower going forward, hence saving costs for SIGT.

Investment Outlook

One has not had to look far to find things to worry about for some time now. Yet, equity markets have generated respectable returns with (by historic standards) relatively low volatility. There are obvious geopolitical risks, though it seems some central banks are confident enough of economic performance to begin raising interest rates. With all this as background, and conscious of the inevitability of cycles, the Manager has begun a gradual process of reducing the Company's equity exposure. One of the strengths of the Company's Multi-Asset value investment policy is that it provides transparent and straight-forward exposure to a range of assets, which together provide lower volatility (i.e. lower risk) returns than equity only portfolios.

Richard Ramsay
Chairman
1 December 2017

Manager's Review

Overview

Although politics and natural disasters dominated the headlines for much of the period, it was a fairly benign six months for financial markets. Indeed it may well have been the period when the global economy was finally deemed to have reached escape velocity, having sputtered along for much of the previous eight or so years. The US Fed raised interest rates, for the fourth time, in June, while just after the end of the reporting period the Bank of England raised its base rate for the first time in almost 10 years. The Eurozone and Japan also made progress on the economic front, while the emerging world appeared to be getting inflation under control.

On the home front, there are signs of stress in consumer related industries which is understandable given wages that have fallen in real terms as inflation has risen. However, other parts of the economy are still doing fairly well, specifically those that are beneficiaries of the weak currency. Although there remain uncertainties as to how the UK's exports will be affected after the UK formally leaves the European Union in March 2019, the benefits of the weak currency are likely to be seen for some time to come. Furthermore, public finances are now in much better shape, and may thus be less of a drag going forward. The announcement of the removal of the public sector wage cap was certainly indicative of the improved state of affairs.

Having peaked towards the back end of 2016, the US dollar continued to decline during the reporting period. To some extent this was due to some weak inflation numbers in the US and the expectation that the Fed would delay its next interest rate rise, but it may also have been due to currencies elsewhere being strong. Certainly improvements on the economic front in both Japan and Europe provided hope that interest rate rises might be on the cards for them too in the not too distant future.

The announcement by Fed Chair Janet Yellen that the Fed would start to shrink its bloated balance sheet in October was absorbed by the market without fuss but it remains to be seen how quickly it will be able to do this. Certainly Yellen will be very aware, as was her predecessor, that when the Fed tried to shrink its similarly bloated balance sheet in 1936, the economy quickly went into recession and the stock market halved. One hopes that her reason for the announcement may be more to do with her knowing what the market wants to hear, thus improving confidence further, than it is her being dogmatic.

Long bond yields in the developed world were generally fairly stable during the period, which meant that given the rise in short term rates, yield curves flattened slightly. However, they remain steep, with 10 year yields exceeding 2 year yields by around 80bps in both the UK and the US.

Emerging market equities continued to outperform their developed counterparts, as the economic picture continued to improve. Notably, core inflation rates in September in China, India, Brazil, Russia and Indonesia were all in the 2-4% range, a vast improvement on September 2015 when no countries could claim such. Instability in inflation is something that tends to plague emerging economies more than developed ones, so this is a welcome development.

As for commodities, the oil price bottomed in June but then staged a 30% or so rally. To some extent this may have been due to supply side concerns and tensions in the Middle East but there is little doubt the stronger global economy provided a boost. Industrial metals were also firm, which may too have been indicative of better global demand.

Performance

Performance over the period was positive with a net asset value total return of +6.1%, which was matched by the share price total return. These outturns were ahead of the benchmark return of 3.4% (3 month Libor +3% to 6 July, then CPI +6% to the end of October). This performance was again achieved with a level of volatility significantly lower than the FTSE All-Share Index.

Over the period the FTSE All-Share index total return was +5.9%, whilst overseas market total returns (in sterling) were higher ranging from 6.4% for the S&P 500 Index to 13.2% for the MSCI Emerging Market Index. The pound made something of a recovery against the US dollar and Yen over the period, which pared gains to UK investors. The Japanese market was also amongst the strongest, giving a low double digit return. Meanwhile, the UK Gilt market returns were negative as yields lifted, with concerns growing about the higher level of inflation and prospects for rising interest rates in the UK.

Positive contributions to your Company's returns were made from all the major asset classes. UK equity performance was broadly in line with the market despite mid cap companies, on which we are focussed, slightly underperforming their larger brethren over the period. Overseas equity managers all produced positive absolute returns, but many have struggled to match their respective local market benchmarks, with the value style we support lagging in a buoyant market environment. However, the two Japanese equity managers held are worthy of note as both significantly outperformed the strong advance in the Japanese equity market.

The UK equity portfolio had mixed fortunes with the largest positive contribution coming from Conviviality, which had only been bought in January. Conviviality is a leading consolidator within its industry and transformed itself from solely being 'Bargain Booze' serving the off-trade, by acquiring Matthew Clark and Bibendum which combined have an 11% market share of on-trade i.e. restaurants, hotel chains and pubs. Building scale makes sense in what is a simple industry with relatively stable end demand. Other holdings to make positive contributions were engineering company Senior, and UK housebuilder Bovis Homes, with the latter appointing new management which encouraged investors leading to a strong bounce in the previously depressed shares.

Also worthy of mention is AJ Bell Holdings, SIGT's only significant unquoted position, where the carried valuation was increased from 600p to 700p per share in June, with the agreement of your Board. This increase in carried value was made to reflect very strong trading results and a positive outlook announced by the company in late May.

It is perhaps unsurprising that a Japanese equity holding, namely CC Japan Income & Growth Trust, should be amongst the best contributors, given the strength of the Japanese market during the period, which the manager convincingly exceeded.

The major detractors from returns were largely within the UK equity holdings. Concerns over the potential effects of interest rate hikes on UK consumer spending, coupled with poor sentiment surrounding Brexit created uncertainties for both Marston's and Halfords. However, both companies appear to be trading reasonably well and have been further added to on share price weakness. Kier, the UK construction company, has seen a significant de-rating despite positive trading and order flow over the period and here again the position has been increased into weakness.

Asset Allocation

There have been several changes to asset class allocations over the period, as the process of de-risking of SIGT's portfolio continued. We believe that the current economic cycle is now well advanced, particularly in the United States, and have been reducing equity exposure ahead of what may be a major market downturn in 2020. To this end tactical asset allocation (TAA) to overseas equities was reduced by a further 3% - adding to a 4% reduction in the previous financial year - bringing the overall weighting in equities to 58%. This is 2% below the strategic asset allocation (SAA). Within this reduced equity weighting the highlight was the complete withdrawal (-1.5%) of investment from the US equity market, where the economic cycle is, we feel, the most advanced and where the market's valuation looks particularly stretched. In addition, 1.5% was taken from the TAA Japanese equity weighting to take advantage of the strong returns achieved this year. This process of reducing equity risk within the portfolio is likely to be a feature over the next two years.

Fixed income exposure benefitted from the re-direction of cash raised from overseas equities, where the TAA weighting was increased by 1% to 9.2%, albeit this is still underweight to the SAA of 15.0%. In addition, the TAA weighting to specialist assets was increased by 1.4% to 28.8%, this representing an overweighting of 3.4% against the SAA.

UK Equities (32.8%)

New money from the SIGT share issuance has been committed to the UK equity portfolio over the period to maintain the TAA weighting, with a net £1.24 million invested. Much of the buying and selling on individual holdings has been to maintain weightings at target levels, largely reflecting new money and relative share price moves. However, one new holding was introduced namely Babcock International. We believe that the company has unjustifiably been tarnished with the same brush as other support service companies, such as Capita, Interserve and Mitie, which have warned on profits over the last few years. This had left the shares offering a dividend yield higher than at any other time over the last 10 years. On simple metrics, such as price to earnings, the valuation has halved from its peak. We believe that the business is fundamentally different to others in its sector. The workforce is highly skilled and increasingly in short supply. The company operates in complex, highly regulated and often secretive industries, thus barriers to entry are high.

There has been only one complete sale made over the period, with Intermediate Capital being exited on valuation grounds. The company is a good business, operating in an attractive area of the fund management industry - alternative assets - and almost entirely in closed end investment vehicles, albeit with finite lives. However, the dividend yield had halved since 2014 from as high as 6% to just 3.1%, following a strong rise in the shares. This meant the fund management part of the group was valued at around 23x earnings – too high for this stage in the cycle, we feel.

Emphasis within the portfolio remains on mid-cap stocks, where we continue to find good quality companies, although valuations have become a little extended and often do not meet our value criteria. We are willing to be patient in such circumstances, awaiting a better buying opportunity.

Overseas Equities (24.5%)

Economic conditions have improved over the period for many countries, but valuations have become less attractive following further strong performance in many overseas equity markets. Investment activity has been mainly driven by the reduction in TAA weighting. The holding in the Cullen North American High Dividend Value Fund was sold, as we exited completely from the US market. Elsewhere, the equity weighting to Japan was reduced by 1.5%, following strong market performance, which left Japan offering a less compelling valuation. To achieve this reduction, both the funds held, CC Japan Income & Growth Trust and the Goodhart Michinori Japan Equity Fund, were top sliced. New money from SIGT share issuance meant that several existing positions were added to, thus maintaining overall weightings. Net disinvestment totalled £1.87 million over the period.

Specialist Assets (28.8% including property)

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

- Commercial and residential 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 – AJ Bell Holdings and private equity fund of funds

The additional TAA allocation of 1.4% to specialist assets was achieved through the introduction of one new position together with top ups to existing holdings. The new holding came through a participation in the IPO by PRS REIT, which is investing in newly purpose built regional housing developments for the private rental sector. The accelerated build out of units alongside private owner occupier houses provides attractive economies of scale that generates attractive income and helps address the UK's housing crisis. The Company is targeting a yield of 5% in years 1 and 2, then 6% from year 3 and net overall returns of 10% (based on 35% gearing).

Elsewhere dealing activity was mainly driven by the commitment of new money with infrastructure holdings, International Public Partnerships and Greencoat UK Wind, being the main recipients of additional investment. Small add on investments were also made to several property holdings and also to speciality finance names.

The only holding to see reduced investment was Blue Capital Alternative Income Fund – both through its ordinary shares and redemption class shares. This reduction proved well timed as the company's NAV (and shares) later suffered from its reinsurance exposure to the severe weather that swept through the Caribbean and southern states of North America. Overall net investment to specialist assets was £3.52 million.

Fixed Income (13.9% - inclusive of cash)

The fixed income TAA weighting was increased by 1%, which with new money invested produced net investment of £1.47 million over the period. The main target for this further investment was the Royal London Global Short Duration High Yield Bond Fund, which we believe to be a defensively positioned fund. The yield on the fund remains over 4% and has amongst the lowest volatility levels in the Investment Association bond sectors. The short duration bonds held by the fund give protection against interest rate rises, whilst default rates at the short maturity end of the market have historically been significantly lower than in the general high yield bond markets.

The bulk of exposure within fixed income holdings is held through corporate bond funds operating within niche credit areas. The portfolio also has exposure to emerging market sovereign debt through the very actively positioned Templeton Emerging Market Debt Fund, which offers a yield close to 9%.

Cash has increased within the portfolio to provide potential to buy assets into any market volatility that may arise from time to time.

We continue to steer clear of investment in safe haven bonds such as gilts and US Treasuries, where yields do not look appealing, and where rising interest rates could put further downward pressure on prices.

Portfolio Income

One of the major benefits inherent 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 income generated from the portfolio remains robust and offers the potential to further enhance dividends to shareholders in line with the stated objective to provide a progressive dividend policy.

Outlook

We continue to believe that the global economy as a whole is moving from recovery to expansion phase. The US has been leading this advance, as evidenced by its four interest rate hikes, and is now firmly in expansion phase. Others are lagging, and it may be a little while longer before Japan and Europe are able to make the transition.

However, although the economic picture has improved, we think inflation pressures will remain fairly benign, thus allowing central bank policy to stay essentially accommodative. Yield curves remain quite steep and it will take many more interest rate hikes before they become inverted.

Thus, the picture for equities remains generally sound, though in expansion phase one should expect returns to be a little lower than in recovery phase.

If we are right about where we are in the cycle, our zero position in safe haven bonds will have been prescient. Yields are likely to come under pressure both from rising inflation pressures that one should expect during the expansion phase, as well as from the Fed unloading some of its $4 trillion of holdings.

Seneca Investment Managers Limited

1 December 2017

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PATAC Limited Tel: 0131 538 6610

Unaudited Income Statement

	Notes	Six months ended 31 October 2017 (unaudited)			Six months ended 31 October 2016 (unaudited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments		-	3,034	3,034	-	4,784	4,784
Income	2	1,743	-	1,743	1,788	-	1,788
Investment management fee		(149)	(149)	(298)	(130)	(130)	(260)
Administrative expenses		(222)	-	(222)	(246)	-	(246)
Exchange (losses)/gains		-	(2)	(2)	-	6	6
Profit before finance costs and taxation		**1,372**	**2,883**	**4,255**	**1,412**	**4,660**	**6,072**
Finance costs		(20)	(20)	(40)	(24)	(24)	(48)
Profit before taxation		**1,352**	**2,863**	**4,215**	**1,388**	**4,636**	**6,024**
Taxation		(5)	-	(5)	-	-	-
Profit for period/ total comprehensive income		**1,347**	**2,863**	**4,210**	**1,388**	**4,636**	**6,024**
Return per share (pence)	3	**3.24**	**6.89**	**10.13**	**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.

Audited Income Statement

	Notes	Year ended 30 April 2017 (audited) Revenue £'000	Capital £'000	Total £'000
Gains on investments		-	8,855	8,855
Income	2	3,500	-	3,500
Investment management fee		(265)	(265)	(530)
Administrative expenses		(462)	-	(462)
Exchange gains/(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 period/ total comprehensive income		**2,707**	**8,564**	**11,271**
Return per share (pence)	3	**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.

Balance Sheet

	Notes	As at 31 October 2017 (unaudited) £'000	As at 31 October 2016 (unaudited) £'000	As at 30 April 2017 (audited) £'000
Fixed assets				
Investments at fair value through profit or loss	8	80,339	69,121	72,931
Current assets				
Debtors and prepayments		784	304	667
Cash and short term deposits		3,634	1,182	3,341
		4,418	1,486	4,008
Creditors: amounts falling due within one year				
Bank loan		(7,000)	(7,000)	(7,000)
Other creditors		(218)	(184)	(159)
		(7,218)	(7,184)	(7,159)
Net current liabilities		(2,800)	(5,698)	**(3,151)**
Net assets		**77,539**	**63,423**	**69,780**
Capital and reserves				
Called-up share capital		11,000	9,974	10,320
Share premium account		7,575	1,428	3,408
Special reserve		41,783	41,783	41,783
Capital redemption reserve		2,099	2,099	2,099
Capital reserve	5	13,746	6,955	10,883
Revenue reserve		1,336	1,184	1,287
Equity shareholders' funds		**77,539**	**63,423**	**69,780**
Net asset value per share (pence)	6	**176.22**	**158.97**	**169.04**

Statement of Changes in Equity

Six months ended 31 October 2017 (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 2017		10,320	3,408	41,783	2,099	10,883	1,287	69,780
Total comprehensive income		-	-	-	-	2,863	1,347	4,210
Dividends paid	4	-	-	-	-	-	(1,298)	(1,298)
Discount control costs		-	(17)	-	-	-	-	(17)
Shares bought back into treasury	7	-	-	(1,693)	-	-	-	(1,693)
Shares issued from treasury	7	-	64	1,693	-	-	-	1,757
New shares issued	7	680	4,120	-	-	-	-	4,800
Balance at 31 October 2017		**11,000**	**7,575**	**41,783**	**2,099**	**13,746**	**1,336**	**77,539**

Six month 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**

Year ended 30 April 2017 (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 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	4	-	-	-	-	-	(2,428)	(2,428)
Discount control costs		-	(25)	-	-	-	-	(25)
New shares issued	7	346	1,988	-	-	-	-	2,334
Balance at 30 April 2017		**10,320**	**3,408**	**41,783**	**2,099**	**10,883**	**1,287**	**69,780**

Cash Flow Statement

	Six months ended 31 October 2017 (unaudited) £'000	Six months ended 31 October 2016 (unaudited) £'000	Year ended 30 April 2017 (audited) £'000
Net return before finance costs and taxation	4,255	6,072	11,359
Adjustments for:			
Gain on investments	(3,034)	(4,784)	(8,855)
Exchange movements	(2)	(6)	4
Dividend income	(1,743)	(1,788)	(3,500)
Dividends received	1,897	1,959	3,406
Loan interest paid	(70)	(45)	(85)
Tax paid	(5)	-	-
Decrease/(increase) in other debtors	2	(27)	(5)
(Decrease)/increase in other creditors	(5)	70	44
Net cash inflow from operating activities	**1,299**	**1,451**	**2,368**
Investing activities			
Net cash (outflow)/inflow from financial investment	(4,242)	261	588
Net cash (outflow)/inflow from investing activities	**(4,242)**	**261**	**588**
Financing activities			
Proceeds of share issues	4,536	-	2,141
Equity dividends paid	(1,298)	(1,212)	(2,428)
Net cash inflow/(outflow) from financing activities	**3,238**	**(1,212)**	**(287)**
Increase in cash	295	500	2,669
Exchange movements	(2)	6	(4)
Opening balance	3,341	676	676
Closing balance	**3,634**	**1,182**	**3,341**

Notes

1. Accounting policies

Basis of accounting

The half yearly financial statements have been prepared in accordance with 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 2017 £'000	Six months ended 31 October 2016 £'000	Year ended 30 April 2017 £'000
Income from investments			
UK franked income	993	914	1,708
UK unfranked income	512	379	742
Overseas dividends	238	495	1,050
Total income	**1,743**	**1,788**	**3,500**

3. Return per share

The revenue return of 3.24 pence (31 October 2016 - 3.48 pence; 30 April 2017 - 6.78 pence) per ordinary share is calculated on net revenue on ordinary activities after taxation for the year of £1,347,000 (31 October 2016 - £1,388,000; 30 April 2017 - £2,707,000) and on 41,561,606 (31 October 2016 - 39,896,361; 30 April 2017 - 39,954,635) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The capital return of 6.89 pence (31 October 2016 - 11.62 pence; 30 April 2017 - 21.43 pence) per ordinary share is calculated on a net capital return for the period of £2,863,000 (31 October 2016 - £4,636,000; 30 April 2017 - £8,564,000) and on 41,561,606 (31 October 2016 - 39,896,361; 30 April 2017 - 39,954,635) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The total return of 10.13 pence (31 October 2016 - 15.10 pence; 30 April 2017 - 28.21 pence) per ordinary share is calculated on the total return for the period of £4,210,000 (31 October 2016 - £6,024,000; 30 April 2017 - £11,271,000) and on 41,561,606 (31 October 2016 - 39,896,361; 30 April 2017 - 39,954,635) 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 2017 £'000	Six months ended 31 October 2016 £'000	Year ended 30 April 2017 £'000
2016 fourth interim dividend – 1.52p	-	607	607
2017 first interim dividend – 1.52p	-	607	607
2017 second interim dividend – 1.52p	-	-	607
2017 third interim dividend – 1.52p	-	-	607
2017 fourth interim dividend – 1.58p	640	-	-
2018 first interim dividend – 1.58p	658	-	-
	1,298	**1,214**	**2,428**

The Company has declared a second interim dividend in respect of the year ending 30 April 2018 of 1.58p (2017 - 1.52p) per ordinary share which will be paid on 15 December 2017 to ordinary shareholders on the register on 24 November 2017.

5. Analysis of capital reserve

The capital reserve reflected in the Balance Sheet at 31 October 2017 includes gains of £8,865,000 (31 October 2016 - gains of £5,730,000; 30 April 2017 - gains of £8,301,000) which relate to the revaluation of investments held at the reporting date.

6. Net asset value per share

	As at 31 October 2017	As at 31 October 2016	As at 30 April 2017
Attributable net assets (£'000)	77,539	63,423	69,780
Number of Ordinary shares in issue	44,001,361	39,896,361	41,281,361
Net asset value per Ordinary share (p)	176.22	158.97	169.04

7. Called-up share capital

During the period, there were 2,720,000 new Ordinary shares of 25p each issued by the Company for cash proceeds totalling £4,800,000 (31 October 2016 - nil; 30 April 2017 - 1,385,000 new Ordinary shares of 25p each issued for cash proceeds of £2,334,000).

During the period, the Company repurchased 1,000,000 Ordinary shares at a cost of £1,693,000 which were held in treasury (31 October 2016 - nil; 30 April 2017 - nil). During the period, the Company reissued 1,000,000 Ordinary shares from treasury for cash proceeds of £1,757,000 (31 October 2016 - nil; 30 April 2017 - nil). At 31 October 2017, no shares were held in treasury (31 October 2016 - nil; 30 April 2017 - nil).

At 31 October 2017, there were 44,001,361 Ordinary shares in issue (31 October 2016 - 39,896,361; 30 April 2017 - 41,281,361).

The cost of the operation of the discount control mechanism of £17,000 has been charged against the premium on shares issued.

8. Fair Value Hierarchy

The Company adopted the amendments to Financial Reporting Standard 102 which requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

– Level 1: the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;

– Level 2: inputs other than quoted prices included within Level 1 that are either observable (i.e. developed using market data) for the asset or liability, either directly or indirectly; and

– Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The financial assets measured at fair value in the Balance Sheet are grouped into the fair value hierarchy at 31 October 2017 as follows:

Financial assets at fair value through profit or loss	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Quoted equities (a)	59,155	-	-	59,155
OEICs (a)	17,927	505	293	18,725
Unquoted equities (b)	-	-	2,459	2,459
Net fair value	**77,082**	**505**	**2,752**	**80,339**

(a) Quoted Investments
Quoted equities included in Fair Value Level 1 are actively traded on recognised stock exchanges and the fair value of these investments have been determined by reference to their quoted bid prices at the reporting date. The fair value for OEICs included in Level 1 and Level 2, have been determined based on prices published by the relevant Fund Manager. Those OEICs included within Level 1 are quoted in an active market.

(b) Unquoted Investments
The unquoted investments held are valued by the Directors using International Private Equity and Venture Capital Valuation ('IPEV') guidelines, such as earnings multiples, recent transactions and net assets, which equate to their fair values.

9. Half-Yearly Financial Report

The results for the six months ended 31 October 2016 and six months ended 31 October 2017, 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 2017 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.

10. This Half-Yearly Report was approved by the Board on 1 December 2017.

The report and accounts for the half-year ended 31 October 2017 will be posted to shareholders and made available on the website www.senecaim.com. Copies may also be obtained from the Company Secretary, PATAC Limited, 21 Walker Street, Edinburgh, EH3 7HX.

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.

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: In order to reduce key man risk, SIML operates a team approach to fund management, with each member of the five strong highly experienced investment team contributing to the performance of the Company through their research specialisations.

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

In accordance with Chapter 4 of the Disclosure Guidance 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 2017