

## Seneca Global Income & Growth Trust plc

Month end May 2018



### Research area

Asset allocation  
UK equities  
Specialist assets  
Fixed Income & Overseas Eq (EM)  
Fixed Income & Overseas Eq (Dev)

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

### Investment team

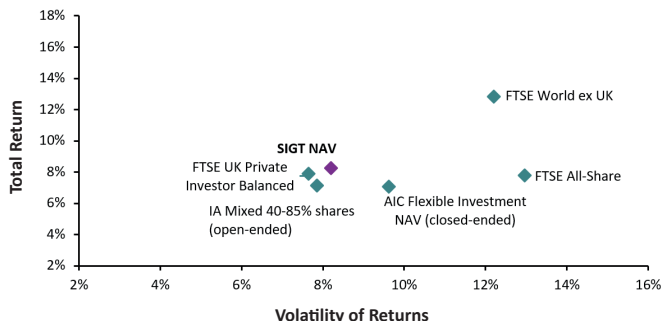
Peter Elston - chief investment officer\*  
Mark Wright - fund manager  
Richard Parfect - fund manager  
Tom Delic - fund manager  
Gary Moglione - fund manager

### Investment objective

Over a typical investment cycle <sup>1</sup>, 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 Performance over 5 years (%) Annualised



Source: SenecaIM, Bloomberg & Morningstar from 31.05.2013 to 31.05.2018. 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

- Political uncertainty in Italy caused safe haven bond yields to fall sharply in May, though they recovered somewhat towards the end of the month.
- US dollar strength that had begun in April continued into May.
- Developed economy wage data announced in May continued to show acceleration, suggesting that upward pressure on inflation will be maintained.
- We reduced the fund's equity target, taking advantage of general market buoyancy in April and May.
- The target weight of several direct holdings were reduced and the target weight for the Insight UK Equity Income Booster increased, in order to help maintain a high level of income.
- Healthy cash generation at Victrex and a strong balance sheet has led the Board to further review its dividend policy. The company has already paid a large special dividend this year.
- Added to the BlackRock World Mining Trust, which sits at an attractive discount to net asset value of 11% and offers a yield of 3.8%.
- Additions across fixed income funds, in order to bring to target weights. Purchases included Templeton Emerging Markets Bond Fund and Royal London Short Duration Global High Yield Bond Fund.
- Relative valuation against similarly positioned REITs by type and geography has led us to reduce the target weight of Custodian REIT.
- Evidence that management are close to deploying the remainder of their available capital into pools of mortgage assets moved us to increase the target weight of UK Mortgages Ltd.

Cumulative performance (%)	3 months	6 months	1 year	3 years	5 years
Trust share price (bid)	1.9	2.4	3.8	34.7	64.3
Trust NAV	1.1	2.4	3.3	25.5	48.7
Benchmark	2.0	3.7	7.9	15.6	24.0

Discrete annual performance (%)	31/05/2018	31/05/2017	31/05/2016	31/05/2015	31/05/2014
Trust share price (bid)	3.8	22.8	5.6	10.0	10.8
Trust NAV	3.3	21.9	-0.4	10.2	7.5
Benchmark	7.9	3.4	3.4	3.6	3.5

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.

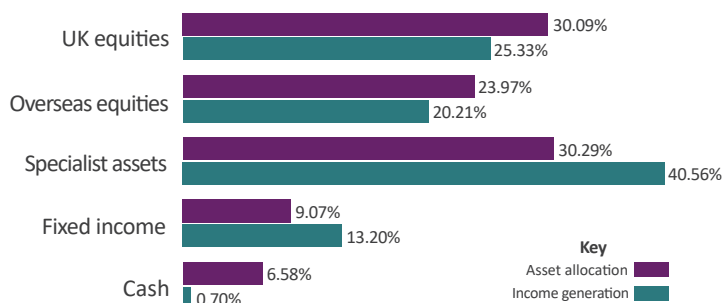
Source: SenecaIM, Bloomberg, Trading Economics & Morningstar. Share prices calculated on a total return basis with net dividends reinvested. NAV returns based on NAVs including income and with debt valued at par. Returns do not include current year revenue. Benchmark: CPI plus 6% from 06.07.17. Previously LIBOR GBP 3 Months plus 3%, all after costs. For the period ending 31.05.2018, a forecast CPI is used. The information on this factsheet is as at 31.05.2018 unless otherwise stated. <sup>1</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 (% of total)

The income generation % is calculated according to a forecast for the next twelve months, based on historic dividends, and is not guaranteed.



## Top five holdings

### UK Direct Equities

1. Babcock International Group	1.7%
2. Ultra Electronic Holdings	1.6%
3. Marks & Spencer	1.5%
4. Britvic	1.5%
5. Marston's	1.4%

### Overseas Equities

1. CC Japan Income & Growth Trust	3.0%
2. HMG Global Emerging Markets Equity Fund	2.8%
3. Samarang Asian Prosperity Fund	2.8%
4. Schroder Asian Income Maximiser	2.8%
5. European Assets Trust	2.6%

### Fixed Income

1. Royal London Short Duration Global High Yield Bond Fund	4.2%
2. TwentyFour Select Monthly Income Fund	2.0%
3. Templeton Emerging Markets Bond Fund	1.9%
4. Royal London Sterling Extra Yield Bond Fund	1.0%
5. N/A	

### Specialist Assets

1. AJ Bell Holdings Limited <sup>1</sup>	3.2%
2. International Public Partnership	2.4%
3. Doric Nimrod Air Two	2.1%
4. Fair Oaks Income Fund	2.1%
5. DP Aircraft Ltd	1.9%

<sup>1</sup> 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	1.64p
September	1.47p	1.52p	1.58p	1.64p*
December	1.47p	1.52p	1.58p	1.64p*

\*Dividend note: Minimum, as stated in RNS dated 15.05.2018

Source: Bloomberg / RNS

## Key facts

Current dividend yield <sup>1</sup>	3.8%
Total gross assets	£88.83m
Debt	£7.0m
Total net assets <sup>2</sup>	£81.83m
Gearing <sup>3</sup>	8.6%
NAV with income	171.07p
Share price (mid)	174.00p
Premium (discount)	1.7%
Ongoing charges <sup>4</sup>	1.45% Per Accounts
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. Current yield: the yield calculation is based on the latest quarterly dividend, annualised, compared against the month end share price. 2. Excl. current period revenue and debt. 3. Gearing is the proportion of the company's debt to its total net assets. 4. Based on expenses as at 30.04.2018. 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

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## Multi-Asset Value Investing