Seneca Global Income & Growth Trust

Continuing to reduce equity exposure

Investment trusts

Seneca Global Income & Growth Trust (SIGT) aims to generate an average total return of at least CPI +6% pa, with low volatility, over the course of a normal business cycle, while growing annual dividends at least in line with UK inflation. It employs a value-based, multi-asset approach, investing in UK and overseas equities, fixed income and specialist assets. SIGT's investment team employs a long-term strategic asset allocation (SAA), using a shorter-term tactical asset allocation (TAA), to take advantage of relative valuation differences between asset classes. In anticipation of an expected global economic downturn in 2020, SIGT's managers are continuing to reduce risk by lowering equity exposure broadly at a rate of 1pp every couple of months. The TAA can vary markedly from the SAA when deemed appropriate, illustrated by the current zero exposure to North American equities.

12 months ending	Total share price return (%)	Total NAV return (%)	Blended benchmark* (%)	FTSE All-Share (%)	FTSE All-World (%)
30/06/14	13.4	10.2	3.5	13.1	9.6
30/06/15	12.8	7.7	3.6	2.6	10.2
30/06/16	1.7	0.2	3.6	2.2	14.0
30/06/17	25.6	24.3	3.4	18.1	23.0
30/06/18	3.3	3.7	8.7	9.0	9.4

Source: Thomson Datastream. Note: 12-month discrete total returns. *Blended benchmark is three-month Libor +3% to 6 July 2017 and CPI +6% thereafter. Past performance is not necessarily a guide to future performance.

Investment strategy: Multi-asset approach

To achieve SIGT's total return objective, the investment team at Seneca Investment Managers (SIML) seeks to construct a multi-asset portfolio where each position is trading at a discount to its perceived value. Investments are primarily direct for UK equities, and via third-party funds for overseas equities, fixed income and specialist assets. Compared to the SAA, at end-May 2018, SIGT's TAA was underweight UK equities, market weight overseas equities, underweight fixed income and overweight specialist assets, along with an overweight 5.5% TAA allocation to cash.

Market outlook: Expect more modest equity returns

Since early 2016, equity investors have enjoyed above-average total returns as a result of strong corporate earnings growth due to a synchronised improvement across the global economy, along with rising stock market valuation multiples. Consequently, most regional markets are now trading at a premium to their 10-year forward P/E valuations. While corporate earnings growth remains robust, in an environment of above-average valuations, equity total returns may be more modest than in recent years, and investors could benefit from being more valuation aware.

Valuation: Shares trading close to NAV

Following the implementation of a discount control mechanism (DCM) in August 2016, SIGT's shares have traded close to NAV. Its current 1.1% premium to cum-income NAV compares to average premiums over the last one and three years of 1.3% and 0.3% respectively. The board aims to increase annual dividends at least in line with the rate of UK inflation; SIGT's prospective yield is 3.8%.

3 July 2018

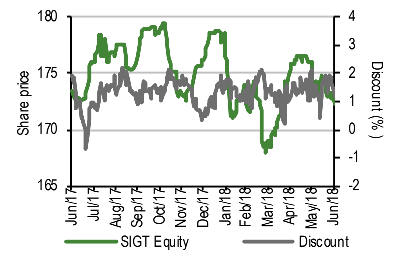
Price	**172.3p**
Market cap	**£83m**
AUM	**£89m**

NAV*	169.4p
Premium to NAV	1.7%
NAV**	170.3p
Premium to NAV	1.1%

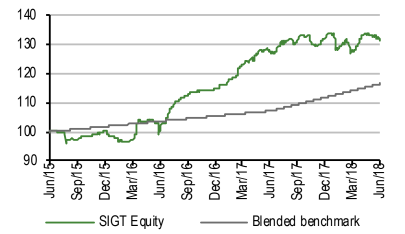
*Excluding income. **Including income. As at 29 June 2018.

Prospective yield	3.8%
Ordinary shares in issue	48.3m
Code	SIGT
Primary exchange	LSE
AIC sector	Flexible Investment

Share price/discount performance



Three-year share price perf.



52-week high/low	179.5p	168.0p
NAV* high/low	177.3p	165.2p

*Including income.

Gearing

Gross*	8.6%
Net*	2.0%

*At 31 May 2018.
Sources for this column: Thomson Datastream, SIGT

Analysts

Mel Jenner +44 (0)20 3077 5720

Gavin Wood +44 (0)20 3681 2503

investmenttrusts@edisongroup.com

Edison profile page

Seneca Global Income & Growth Trust is a research client of Edison Investment Research Limited

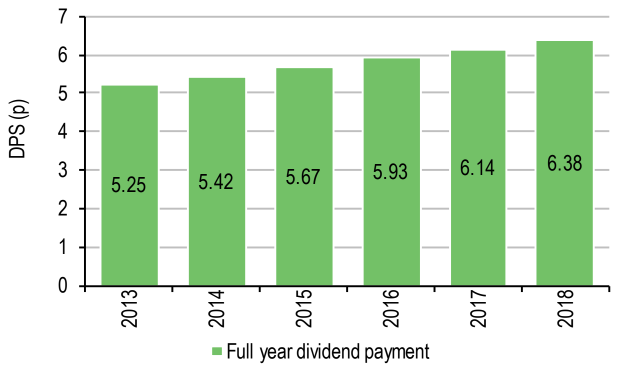
Exhibit 1: Trust at a glance

Investment objective and fund background	Recent developments
SIGT's objective is to achieve net returns in excess of CPI +6% per annum over the course of a typical investment cycle, with low volatility. It also aims to grow aggregate annual dividends at least in line with CPI, through investment in a multi-asset portfolio including UK and overseas equities, fixed-income securities and specialist assets (including property).	■ 8 June 2018: 12-month results ending 30 April 2018. NAV TR +5.7% versus benchmark +7.7%. Share price TR +5.7%. ■ 15 May 2018: Fourth interim dividend of 1.64p announced +3.8% y-o-y. ■ 22 February 2018: Third interim dividend of 1.58p announced +3.9% y-o-y.

Forthcoming		Capital structure		Fund details	
AGM	13 July 2018	Ongoing charges	1.45%	Group	Seneca Investment Managers
Interim results	December 2018	Net gearing	2.0%	Managers	Seneca team
Year end	30 April	Annual mgmt fee	0.90% of market cap up to £50m, 0.65% above £50m	Address	10th Floor Horton House, Exchange Flags, Liverpool L2 3YL
Dividend paid	Sep, Dec, Mar, Jun	Performance fee	None		
Launch date	August 2005	Trust life	Indefinite (subject to vote)	Phone	+44 (0)151 906 2461/2475
Continuation vote	Annual	Loan facilities	£14m three-year rolling (£7m drawn)	Website	www.senecaim.com/sigt

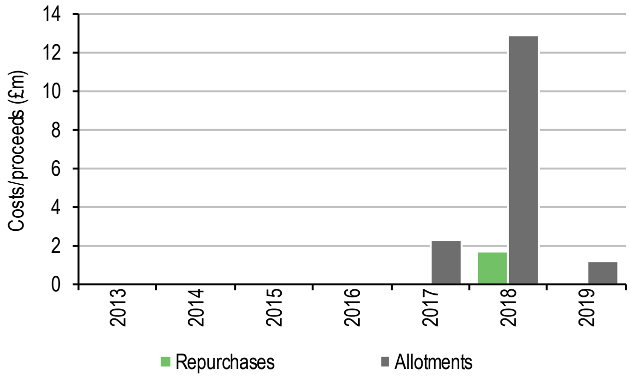
Dividend policy and history (financial years)

SIGT aims to grow annual dividends at least in line with the rate of CPI.

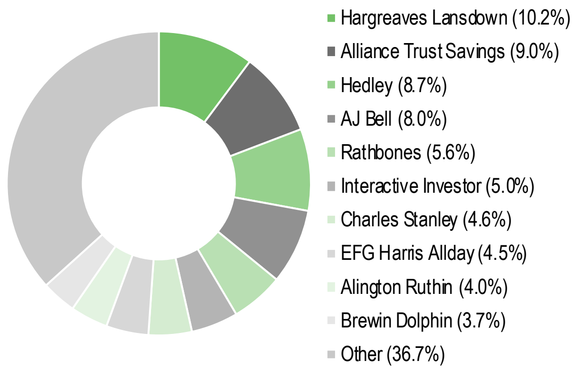


Share buyback policy and history (financial years)

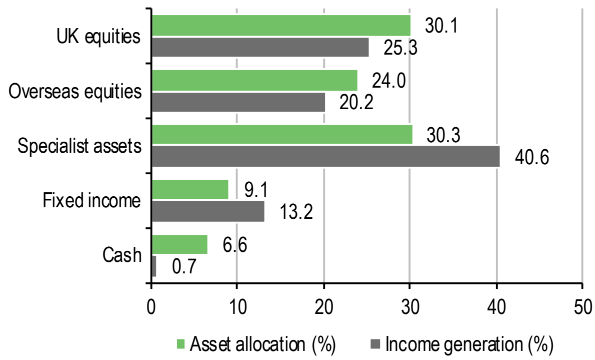
A discount control mechanism was introduced at the July 2016 AGM, effective 1 August 2016.



Shareholder base (at 31 May 2018)



Portfolio distribution by capital and income generation (at 31 May 2018)



Top five holdings by asset category (at 31 May 2018)

	Portfolio weight %		Portfolio weight %
UK direct equities		**Fixed income**	
Babcock International	1.7	Royal London Short Duration Global High Yield	4.2
Ultra Electronics	1.6	TwentyFour Select Monthly Income	2.0
Marks & Spencer	1.5	Templeton Emerging Markets Bond	1.9
Britvic	1.5	Royal London Sterling Extra Yield Bond	1.0
Marston's	1.4	N/A	
Overseas equities		**Specialist assets**	
CC Japan Income & Growth Trust	3.0	AJ Bell Holdings (unquoted)	3.2
HMG Global Emerging Markets Equity Fund	2.8	International Public Partnerships	2.4
Samarang Asian Prosperity	2.8	Doric Nimrod Air Two	2.1
Schroder Asian Income Maximiser	2.8	Fair Oaks Income Fund	2.1
European Assets Trust	2.6	DP Aircraft	1.9

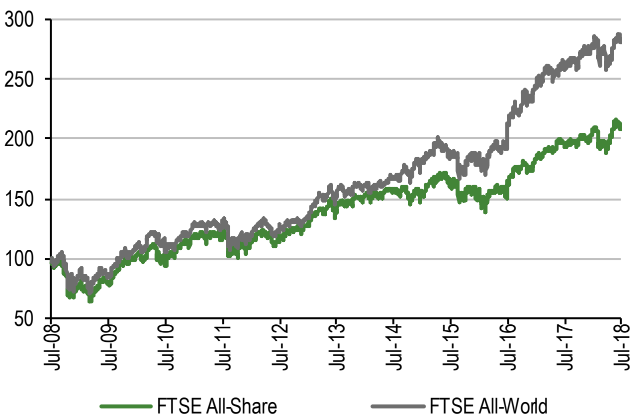
Source for charts and tables above: SIGT, Edison Investment Research, Morningstar

Market outlook: More focus on value may be required

The performance of UK and global equities (in sterling terms) over the last 10 years is shown in Exhibit 2 (LHS). Over the period, UK investors in overseas equities have enjoyed much higher returns than would have been achieved by investing domestically. World stock markets in general, have performed very strongly since early 2016, due to a synchronised regional economic improvement and upward revaluation in share prices. As a result, on a forward P/E multiple basis, most of the developed market stock indices are trading above their 10-year averages (Exhibit 2, RHS). While robust corporate earnings growth and competitive yields could support further appreciation in equity markets, near-term total returns to investors appear likely to be more modest than in recent years. There are also macroeconomic issues to consider, such as threats to global trade arising from tensions between the US and its trading partners. Along with the prospect of higher interest rates as the global business cycle matures, an increased focus on valuation may prove to be beneficial in the current market environment.

Exhibit 2: Equity performance and valuations

Performance of UK and global equities in £ terms (last 10 years)



Datastream indices forward P/E valuations (x)

	Last	High	Low	10-year average	Last as % of average
UK	13.4	15.7	7.4	12.3	109
US	16.7	18.9	9.4	14.8	113
Europe	13.2	15.6	7.6	12.0	111
Japan	13.6	23.6	10.5	14.4	94
Developed markets	15.0	16.9	9.0	13.7	110
Emerging markets	9.5	13.5	7.8	11.3	85

Source: Thomson Datastream, Edison Investment Research. Note: Data as at 2 July 2018.

Fund profile: ‘Multi-Asset Value Investing’

Founded as the Taverners Trust and managed by Aberdeen Asset Management, the trust became the Midas Income & Growth Trust in August 2005. In March 2014, the trust’s investment manager was purchased by Seneca Asset Managers Limited. The fund management business was renamed Seneca Investment Managers Limited (SIML) and the trust itself was renamed Seneca Global Income & Growth Trust, highlighting its diverse mandate. SIML is a multi-asset specialist, with a focus on value. The investment process is transparent and team based, and the portfolio investments are straightforward.

Following shareholder approval at the July 2017 AGM, SIGT moved to a more appropriate benchmark. The previous hurdle rate was Libor +3% pa; the trust now aims, over a typical investment cycle, to generate a total return of at least CPI +6% pa (after costs), with low volatility, and to grow the annual dividend at least in line with inflation, using a multi-asset investment approach. The portfolio is made up of UK and overseas equities, fixed income and specialist assets (infrastructure, property, specialist financial and private equity). SIML believes that its investment objective can be achieved by a combination of strategic asset allocation, active portfolio management in relation to tactical asset allocation and selection at a holding level, and the use of gearing. SIGT’s managers acknowledge that there are periods when asset returns are lower, which will make it difficult to generate investment returns in excess of the benchmark. However, they believe that over the course of a typical business cycle (when total real returns from equities and bonds over the entire cycle are in line with, or above, long-term expected averages), the new benchmark is an achievable hurdle.

SIGT has investment limits in place. At the time of purchase, up to 7.5% of gross assets may be invested in any individual direct or fixed income investment, and up to 10% may be invested in any collective vehicle. Up to 7.5% of gross assets is permitted to be held in unquoted securities (currently c 3% – AJ Bell Holdings), and up to 25% may be held in cash (currently c 7%). SIGT may employ gearing up to 25% of NAV; at end-May 2018 gross gearing was 8.6%.

SIGT is currently subject to an annual continuation vote. However, there is a proposal at the 13 July 2018 AGM to remove this requirement. The board believes that the trust's discount control mechanism is well established and provides sufficient liquidity in SIGT's shares, meaning that the annual continuation vote is no longer necessary.

There is a new member of SIML's investment team. Gary Moglione joined in April 2018; he previously managed €5bn in European equity funds at Amundi Asset Management as well as emerging market portfolios. Each of SIML's five investment professionals has specific research responsibilities, and all contribute to the management of SIGT's portfolio:

- Peter Elston (chief investment officer) – asset allocation (strategic and tactical);
- Mark Wright (fund manager) – UK equities;
- Gary Moglione (fund manager) – overseas equities and fixed income (developed markets) and specialist financial (within specialist assets);
- Tom Delic (fund manager) – overseas equities and fixed income (emerging markets); and
- Richard Parfect (fund manager) – specialist assets (excluding specialist financial).

Elston oversees SIGT's portfolio; his duties include implementation of the investment process, and cash management. Given SIML's team-based approach, he has limited discretion to deviate from the target portfolio, which has been proposed by the research specialists and agreed by the team.

The fund managers: Seneca team

The managers' view: Continuing to take risk off the table

Elston has responsibility for SIGT's asset allocation; he bases his decisions on analysis of the business cycle. He believes that a recession is looming in 2020 as a result of tighter monetary policy, and so has been reducing equity exposure in anticipation of stock market weakness towards the end of 2019, as share prices tend to be a leading indicator of economic performance. While Elston says that it is difficult to be precise on timing, he has confidence in business cycle analysis and believes that it is SIML's fiduciary duty to gradually reduce SIGT's portfolio risk in anticipation of stock market weakness. He uses a driving analogy to explain the strategy – a careful driver brakes ahead of a bend, rather than when it is reached. The manager has been reducing equity exposure by 1pp, broadly every two months, since mid-2017. Elston believes that the global business cycle continues to advance, with economies generally making good progress. The ECB has recently announced that its bond purchases will slow, and while, so far, there are no signs of higher European interest rates, economic progress in the region is following that in the US and UK, albeit at a slower pace.

SIGT's equity exposure was again reduced by 1pp in March 2018 as the OECD composite leading indicator started to roll over. Elston notes the lower unemployment and higher wages across developed markets; he believes this inflationary pressure will eventually lead to higher interest rates. The manager also took 1pp out of European equities in early-June 2018, on evidence of economic strength. He will continue to regularly reduce equity exposure as the business cycle matures, unless stock markets are particularly weak. By the end of 2019, SIGT's equity exposure could be as low as 40%, but could then be gradually increased to 70-75% as a bear market progresses and valuations become attractive. This illustrates the managers' willingness to actively manage the portfolio, aiming to mitigate the effects of stock market weakness, as well as to grow capital and income over the long term.

Asset allocation

Investment process: Finding value in multiple asset classes

SIML employs a 'Multi-Asset Value Investing' process, aiming to find high-quality, undervalued securities across multiple asset classes. Investment may be direct or via third-party funds, where the managers have a similar value-based approach to SIML. SIGT's portfolio contains UK and overseas equities, fixed income and specialist assets (infrastructure – including renewable energy; property – through real estate investment trusts (REITs); speciality finance – leasing, mortgages, global reinsurance and direct lending to small- and medium-sized enterprises; and private equity – AJ Bell Holdings and private equity funds of funds).

The investment process utilises a long-term strategic asset allocation (SAA), along with a shorter-term tactical asset allocation (TAA), aiming to generate average returns in excess of CPI +6% pa over the course of a typical business cycle. The SAA is based on the assumption that future long-term returns will be similar to past long-term returns for individual asset classes, while the TAA takes account of how different asset classes typically perform at each stage of the investment cycle: expansion, peak, recession and recovery. For example, studies show that equities tend to perform best during the recession phase and worst during the peak phase. To determine the stage of the business cycle, the managers take account of economic indicators such as unemployment, inflation and yield curves.

SIML's investment approach is very much team based; any potential new investments are discussed by the team, having been proposed by the relevant research specialist. Any portfolio changes must be agreed by a majority, which acts as an effective risk control. Each asset allocation and portfolio position is given a target weighting. Actual portfolio exposures may vary slightly from the targets, as the managers wait for income to be captured, or allow successful positions to run; however, variances are limited and closely monitored.

Exhibit 3: Asset allocation ranges, long-term core and tactical asset allocations (TAA)

%	Asset allocation range	Core asset allocation (SAA)	TAA end-May 2018
UK equities	15-60	35	30.0
Overseas equities	10-40	25	25.0
Total equities	**25-85**	**60**	**55.0**
Fixed income	0-40	15	9.2
Specialist	0-50	25	30.3
Cash	0-10	0	5.5
Total	**100**	**100**	**100.0**

Source: Seneca Global Income & Growth Trust

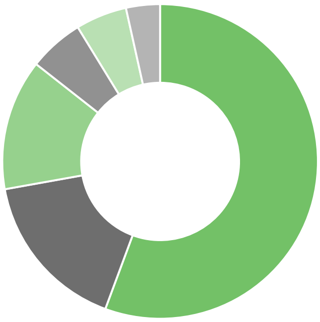
UK equity investment is generally direct rather than via collective investments. The focus is on high-quality, mid-cap companies, which can generate returns above their cost of capital and have the potential to re-rate. In aggregate, SIGT's UK equity holdings yield c 4.5%. Data from SIML show that over the long term, mid-cap companies outperform large-caps (since 1998, the mid-cap FTSE 250 index has led the large-cap FTSE 100 index by an average c 5pp a year). Overseas exposure is currently via collective investments. The managers seek funds with a value bias, with high active shares (a measure of how a portfolio differs from its benchmark), which offer the prospect of outperformance versus their specific benchmarks. SIGT's overseas equity investments yield c 4.0%. The trust's fixed income and cash investments focus on capital preservation, where the managers have a valuation-based approach and a history of avoiding defaults; in aggregate they yield c 4.0%. Specialist assets are a heterogeneous asset class offering a diversified income of c 6.0% in aggregate. They bring exposure to real assets, and the ideal investment will lower portfolio volatility while enhancing returns.

Current portfolio positioning

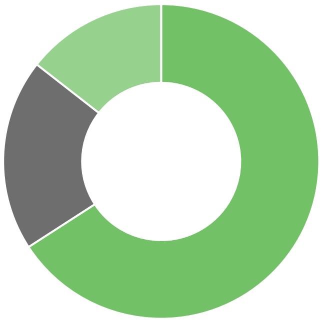
Exhibit 3 shows SIGT's TAA versus SAA by asset class at end-May 2018. The managers are continuing to reduce risk by lowering equity exposure, with sale proceeds primarily held in cash. The UK TAA was 5pp below the SAA, while the overseas equity TAA was in line with the SAA. Within overseas equities, the trust is overweight Asia Pacific ex-Japan and Europe ex-UK, market weight Japan and underweight emerging markets and North America. It also holds an 'off-benchmark' position in a global fund that provides exposure to mining companies around the world. A differentiating feature of SIGT is that it has no North American equity exposure; the last position was sold in August 2017. The trust is underweight fixed income, with no exposure to developed market government debt as the managers consider the asset class overvalued. Within specialist assets, SIGT is overweight infrastructure, specialist financial and property. It is now underweight private equity due to the sale of Aberdeen Private Equity Fund, which announced that it was liquidating its portfolio – this led to an immediate closing of its discount. The trust is running a modest cash position compared with a zero-weight SAA.

Exhibit 4: Portfolio distribution of equity and non-equity investments at 31 May 2018

Geographic distribution of equity investments (54% of portfolio)



Analysis of non-equity investments (46% of portfolio)



Source: Seneca Global Income & Growth Trust, Edison Investment Research. Note: Numbers subject to rounding.

SIGT's actual portfolio breakdown at end-May 2018 is shown in Exhibit 4. It was split 54:46 between equity and non-equity investments. The trust's specialist asset exposure is currently split: infrastructure 11.0%, property 8.3%, specialist financial 7.3%, and private equity 3.7%.

There have been moderate changes in portfolio holdings in recent months. Activity includes a switch within overseas equities: the Magna Emerging Markets Dividend Fund and the Somerset Emerging Market Dividend Growth Funds were both sold, with the proceeds reinvested in the HMG Global Emerging Markets Equity Fund. This is a small, niche fund that primarily invests in emerging market subsidiaries of developed market companies. Investee companies enjoy the benefits of higher-than-average economic growth in emerging markets, along with the strong management cultures of their parent companies. The fund has very low turnover and its manager has 'a lot of skin in the game'.

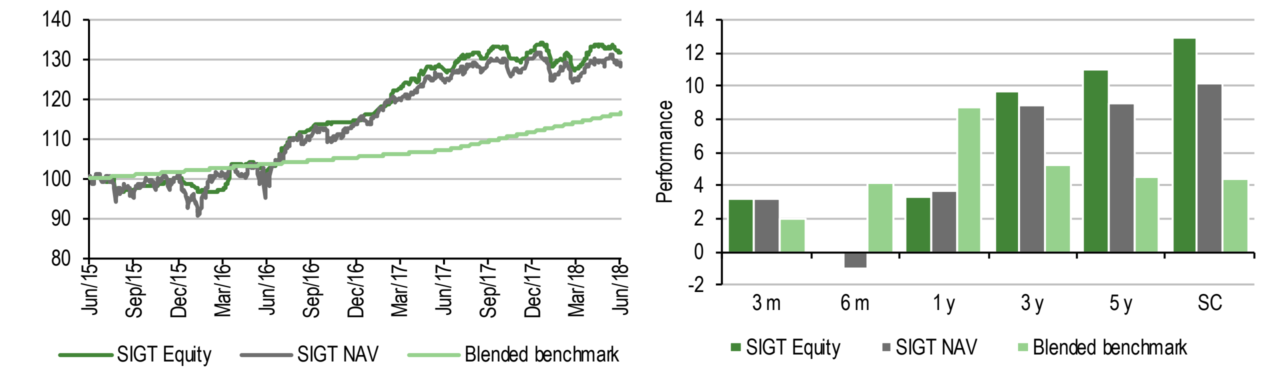
Within UK equities, while exposure has been reduced, the managers are mindful of SIGT's yield requirement. They have initiated a position in the Insight Equity Income Booster Fund, which is an enhanced income fund that yields c 8%; strategies include writing covered call options. As a result, SIGT's c 1.5% weighting in this fund generates broadly the same level of income as a 3% direct investment in UK equities.

Performance: Medium- and long-term outperformance

In FY18 (ending 30 April), SIGT's NAV and share price total returns of 5.7% trailed the benchmark's 7.7% total return. The largest single contributor to returns was 1.14pp from the revaluation of the trust's unquoted investment in AJ Bell from £7.00 to £8.30 per share due to strong business performance. The biggest detractor to performance was -0.54pp from SIGT's holding in The Assured Fund, which was further written down due to the rising costs of servicing its holdings. Overall in FY18, asset allocation added 0.4pp to SIGT's relative performance versus its SAA.

Exhibit 5: Investment trust performance to end-June 2018

Price, NAV and benchmark total return performance, three-year rebased | **Price, NAV and benchmark total return performance (%)**



Source: Thomson Datastream, Edison Investment Research. Note: Since change of mandate (SC) is from 18 January 2012. Benchmark is an absolute return of 8% per year until 18 January 2012, three-month Libor +3% to 6 July 2017 and CPI +6% thereafter. Performance figures for periods of more than one year are annualised.

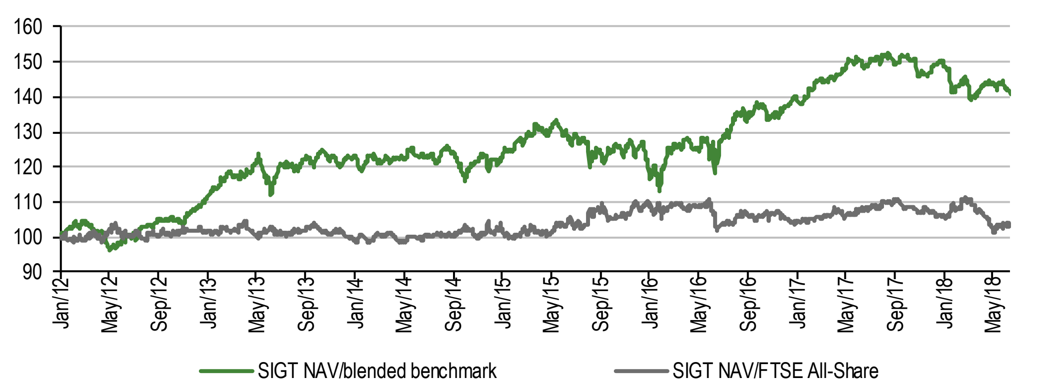
Exhibit 6 shows SIGT's relative returns. While lagging over one year, the trust has outperformed its blended benchmark, in both NAV and share price terms, over three and five years and since its change in mandate on 18 January 2012, which aimed to improve investment returns. It has also outperformed the FTSE All-Share over most of these periods, albeit to a lesser extent. Data from SIML show that SIGT has achieved its aim of low volatility of returns. Since the mandate change in 2012 to end-May 2017, the trust's annualised volatility of 8.2% is below that of the average of the AIC Flexible Investment sector (9.6%) and meaningfully below that of the FTSE All-Share index (13.0%).

Exhibit 6: Share price and NAV total return relative performance

	Three months	Six months	One year	Three years	Five years	Since change of mandate
Price relative to blended benchmark	1.1	(4.1)	(5.0)	13.3	35.1	66.1
NAV relative to blended benchmark	1.2	(5.0)	(4.6)	10.9	22.7	41.9
Price relative to FTSE All-Share	(5.5)	(1.7)	(5.3)	0.2	10.4	20.8
NAV relative to FTSE All-Share	(5.5)	(2.7)	(4.9)	(1.9)	0.3	3.2
Price relative to FTSE All-World	(3.4)	(2.2)	(5.6)	(14.0)	(9.0)	(3.1)
NAV relative to FTSE All-World	(3.4)	(3.1)	(5.2)	(15.8)	(17.3)	(17.2)

Source: Thomson Datastream, Edison Investment Research. Note: Data to end-June 2018. Geometric calculation. Since change of mandate is from 18 January 2012. Blended benchmark is an absolute return of 8% per year until 18 January 2012, three-month Libor +3% to 6 July 2017 and CPI +6% thereafter.

Exhibit 7: SIGT NAV total return vs blended benchmark and FTSE All-Share total return since change of mandate, rebased



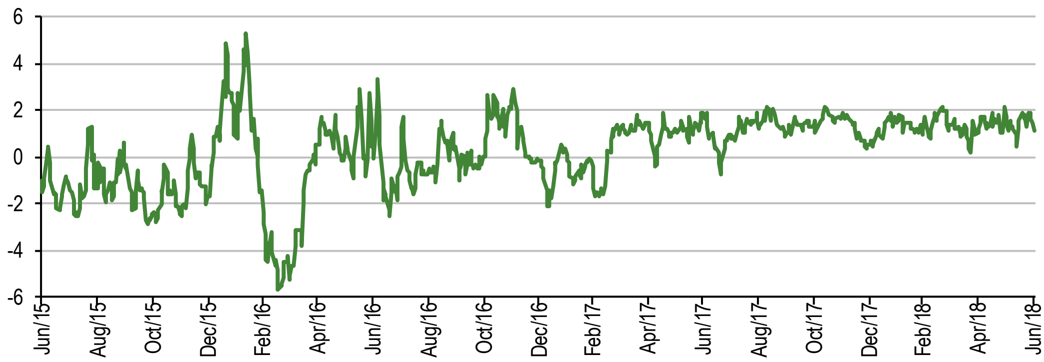
Source: Thomson Datastream, Edison Investment Research

Discount: Regular use of discount control mechanism

SIGT adopted a discount control mechanism (DCM) on 1 August 2016, aiming to ensure that its shares trade close to NAV. Shares are purchased when they are trading at a small discount to NAV and issued when they are trading at a small premium. During FY18, a total of 1.00m shares were repurchased and 7.34m shares were issued; the net issuance of 6.34m raised £11.1m. The regular use of the DCM highlights the board's commitment to the process, addressing investors' concerns about the potential for a widening discount, while providing adequate liquidity for those wishing to buy shares. Renewed annually, SIGT has held authority to buy back up to 14.99% and issue up to 20% of outstanding shares. A general meeting on 28 March 2018 sought permission for an issuance of up to a further 10% of shares, as 20% had already been issued; the resolution was duly passed. At the 13 July 2018 AGM, SIGT is seeking permission to issue 10% of shares, with another resolution to issue a further 20% of shares, both on a non pre-emptive basis. The board believes that this is a novel approach to facilitate the efficient and cost-effective operation of the DCM. Issuing shares above the prevailing NAV is modestly accretive to existing shareholders, while a higher number of shares in issue should improve liquidity over and above that provided by the DCM, as well as spreading costs over a larger asset base.

SIGT is currently trading at a 1.1% premium to cum-income NAV. This compares with the averages over the last one, three, five and 10 years of a 1.3% premium, a 0.3% premium, a 2.3% discount and a 5.9% discount respectively. This progression from an average discount to an average premium over time illustrates the success of the DCM.

Exhibit 8: Share price premium/discount to NAV (including income) over three years (%)



Source: Thomson Datastream, Edison Investment Research. Note: Negative values indicate a discount, positive values a premium.

Capital structure and fees

SIGT is a conventional investment trust with one class of share. There are currently 48.3m ordinary shares outstanding (none are held in treasury). The trust has a £14m three-year rolling credit facility at a rate of Libor +1.1% (£7m drawn). SIGT's managers do not consider that markets offer sufficient value to warrant a higher level of gearing. At end-May 2018, gross gearing was 8.6%.

SIML is currently paid 0.90% of SIGT's market cap per year up to £50m and 0.65% per year above £50m; the fee is allocated 50:50 to the capital and income accounts. In FY18, ongoing charges were 1.45%, which was a meaningful 16bp reduction versus 1.61% in FY17. The lower charges were helped by the increase in size of the trust, as fixed costs are spread over a larger base.

On 4 April 2018, SIGT announced that it had become sufficiently large to appoint an alternative investment fund manager under the AIFM directive. PATAC, which was already the trust's company secretary and administrator, was duly appointed.

Dividend policy and record

SIGT pays four quarterly dividends in September, December, March and June. The first three are equal, with a higher fourth dividend serving as an indicator for the first three quarterly dividends to be paid in the following year. Total distributions have grown in each of the last five financial years, and in each year the increase has been above the rate of CPI. In FY18, the 6.38p dividend was 3.9% higher year-on-year, compared with CPI of 2.4% over the period; it was fully covered by earnings (revenue reserves have grown in each of the last six financial years). Based on the fourth FY18 interim dividend of 1.64p, the FY19 annual dividend should be at least 6.56p, which equates to a prospective yield of 3.8%.

Peer group comparison

SIGT is a member of the AIC Flexible Investment sector. In Exhibit 9, we show the 17 trusts that have been trading for more than a year; however, it is important to note that the peers follow a variety of mandates. SIGT's NAV total returns are above average over five years, while lagging over one and three years. However, the returns have been achieved with lower-than-average volatility (see page 7). SIGT is trading at a premium, unlike some of the peers that are trading at significant discounts. Its ongoing charge is above average, as is its dividend yield, which is double the peer group average.

Exhibit 9: AIC Flexible Investment sector at 3 July 2018*

% unless stated	Market cap £m	NAV TR 1 Year	NAV TR 3 Year	NAV TR 5 Year	Discount (ex-par)	Ongoing charge	Net gearing	Dividend yield (%)
Seneca Global Income & Growth Trust	83.4	3.7	29.1	53.3	2.3	1.5	102	3.8
Aberdeen Diversified Income & Growth	399.2	0.1	4.8	15.8	(4.2)	0.4	114	4.4
Capital Gearing	242.0	3.5	24.5	31.4	1.7	0.8	100	0.5
Establishment Investment Trust	40.0	(8.3)	23.5	15.3	(14.6)	1.3	100	3.0
F&C Managed Portfolio Growth	74.6	11.9	38.0	74.3	1.4	1.0	100	0.0
F&C Managed Portfolio Income	58.8	5.1	25.8	47.9	3.3	1.1	105	4.2
Hansa Trust 'A' Class A	235.8	7.4	23.5	47.3	(28.8)	1.1	100	1.6
Henderson Alternative Strategies Trust	107.5	5.0	25.9	25.4	(17.2)	1.1	100	1.7
Invesco Perp Select Balanced Risk	8.7	6.1	17.8	31.9	0.1	1.2	100	0.0
JZ Capital Partners	391.3	(3.5)	11.0	29.2	(36.6)	2.9	106	0.0
Miton Global Opportunities	77.9	8.8	55.2	78.8	1.8	1.3	100	0.0
New Star Investment Trust	80.3	6.8	41.1	53.1	(27.8)	0.9	100	0.7
Personal Assets	889.2	(1.1)	19.4	27.5	1.3	0.9	100	1.4
RIT Capital Partners	3,208.0	6.7	28.6	56.0	9.8	1.1	115	0.0
Ruffer Investment Company	409.3	0.2	8.0	15.0	0.9	1.2	100	0.8
Tetragon Financial	853.3	6.4	55.8	86.9	(40.6)	1.7	100	5.7
UIL	156.2	13.9	89.5	142.0	(38.9)	1.6	100	4.5
Simple average	**430.3**	**4.3**	**30.7**	**48.9**	**(10.9)**	**1.2**	**102**	**1.9**
SIGT rank in sector (17 funds)	**11**	**11**	**6**	**6**	**3**	**4**	**5**	**5**

Source: Morningstar, Edison Investment Research. Note: *Performance to 29 June 2018. TR = total return. Net gearing is total assets less cash and equivalents as a percentage of net assets.

The board

There are three directors on SIGT's board, all of whom are non-executive and independent of the manager. Chairman Richard Ramsay was appointed on 2 April 2013 and assumed his current role on 3 September 2013. Ian Davis was appointed on 1 November 2004 and became chairman of the audit committee on 15 December 2004. James McCulloch was appointed as a director on 2 January 2015. The board members have backgrounds in investment banking, corporate finance, private client investment and portfolio management.

Glossary

CPI

The Consumer Price Index, which is a measure of UK inflation.

Discount control mechanism

A discount control mechanism (DCM) will usually involve a trust buying back its own shares in the market and either cancelling them or holding them in treasury to be reissued when demand is stronger.

Gearing

Investment companies frequently employ a moderate level of borrowing to buy additional investments to increase returns when they appreciate. The risk is that gearing magnifies losses if the investments fall in value.

Libor

The London Interbank Offered Rate is a reference interest rate widely used in financial markets as a basis for lending rates or an indication of the return available on cash.

Multi-asset fund

Multi-asset funds have a mandate to invest across different asset classes such as equities, fixed income, property and other specialist areas. The fund manager will vary exposures according to market conditions, seeking to optimise the balance of risk and reward.

OECD

The Organisation for Economic Co-operation and Development. It is a group of 35 member countries that discuss and develop economic and social policy.

Ongoing charge

This is a measure of the regular, recurring costs of running an investment company expressed as a percentage of the NAV.

P/E ratio

A price-to-earnings ratio, which is a valuation measure of a company's share price relative to its annual net income per share.

Premium/discount to net asset value (NAV)

The net asset value of a company, including an investment company, is the value of its assets less liabilities. Depending on a range of factors, including the market's assessment of the prospects for a company or appetite for yield, its shares may trade at a price above the NAV, at a premium, or at a discount.

Strategic asset allocation

Strategic asset allocation can be thought of as the broad allocation to each asset class that would be required to help achieve the investment performance objective over time. For example, a simple multi-asset fund might have a strategic asset allocation of 60% global equities and 40% global bonds. Given an understanding of how global equities and global bonds would be expected to behave over the longer term, one would have an understanding of how the fund should behave over the longer term as a result of exposure to bonds and equities in the proportions mentioned.

Tactical asset allocation

Tactical asset allocation is generally used in conjunction with strategic asset allocation. Tactical asset allocation refers to decisions to deviate from time to time from strategic asset allocation. Using the example cited, this might mean a decision to have only 50% in equities rather than the strategic allocation of 60% because one might have a slightly negative view on the outlook for equities.

Typical investment cycle

A typical investment cycle is defined as one in which various asset classes produce total real returns over the entire cycle that are broadly in line with their historic, and expected, long-term average real returns.

Volatility

This is a term used to describe the frequency and severity with which the price of an investment goes up and down.

Yield (income)

The amount of income you receive in monetary terms will be equivalent to the dividend per share multiplied by the number of shares you own. This is usually expressed annually as a percentage based on the investment's market value.

DISCLAIMER

The value of securities mentioned in this report can fall as well as rise and are subject to large and sudden swings and investors may not recoup the original amount they invest in the company. In addition it may be difficult or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance. There is no guarantee that the investment objective, benchmark or dividend policy will be achieved.

This report has been commissioned by Seneca Global Income & Growth Trust and prepared and issued by Edison for publication globally. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of Edison at the time of publication. The securities described in the Investment Research may not be eligible for sale in all jurisdictions or to certain categories of investors. The information that we provide or that is derived from our website is not intended to be, and should not be construed in any manner whatsoever as, personalised advice. Also, our website and the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document.

A marketing communication under FCA rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Edison has a restrictive policy relating to personal dealing. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report. Edison or its affiliates may perform services or solicit business from any of the companies mentioned in this report.

For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (ie without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision. To the maximum extent permitted by law, Edison, its affiliates and contractors, and their respective directors, officers and employees will not be liable for any loss or damage arising as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication. FTSE International Limited ("FTSE") © FTSE 2017. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

For Australia Disclaimer click here
For Germany Disclaimer click here
For US Disclaimer click here

Frankfurt
+49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London
+44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York
+1 646 653 7026
295 Madison Avenue, 18th Floor
10017, New York
US

Sydney
+61 (0)2 8249 8342
Level 12, Office 1205, 95 Pitt Street, Sydney
NSW 2000, Australia