MARTEN & CO

Update | Investment companies

27 September 2016

Seneca Global Income & Growth

In demand and no discount

Seneca Global Income & Growth Trust's (SIGT's) new discount control policy went live on 1 August giving investors confidence that they can enter and exit the trust close to NAV. To date, no shares have been repurchased, which, in our opinion reflects the strong demand for SIGT's strategy.

SIGT's NAV was not immune to the market's post-Brexit gyrations but, as markets have settled, the UK mid-cap holdings have recovered strongly and the managers have also taken advantage of opportunities caused by the market's dislocation, such that SIGT's NAV is now some seven per cent above its pre-referendum level. The managers continue to view global fixed income as expensive, particularly once inflation is taken into account, but are seeing opportunities in property as well as longer-term opportunities in infrastructure assets. The board increased SIGT's dividend, for the first quarterly payment, by 3.4% to 1.52p per share. They expect to maintain this for the rest of the year. This suggests a minimum payment of 6.08p, a yield of 3.9% on the current price, with the potential for the dividend to increase with the fourth interim, as in previous years.

Multi-asset, low volatility, with yield focus

SIGT's investment objective is to outperform three-month Libor+3% over the longer term, with low volatility and the prospect of income and capital growth, through investment in a multi-asset portfolio, which includes both direct investments, mainly UK equities, and commitments to open- and closed-end funds.

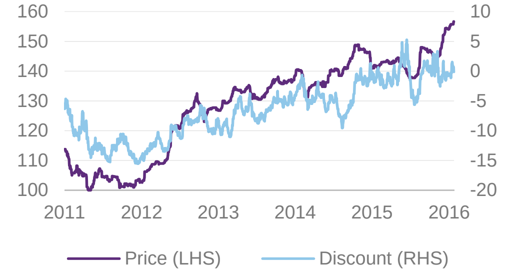
Year ended	Share price total return (%)	NAV total return (%)	FTSE WMA Stock Market Balanced TR (%)	FTSE All-Share TR (%)	FTSE World total return (%)
31/08/12	(4.6)	4.2	9.6	10.2	10.2
31/08/13	28.7	19.9	12.5	18.9	20.1
31/08/14	13.8	8.5	10.3	10.3	13.2
31/08/15	6.0	3.0	1.8	(2.3)	2.3
31/08/16	14.0	12.5	15.6	11.7	26.5

Source: Morningstar, Marten & Co

Sector	Global Equity Inc.
Ticker	SIGT LN
Base currency	GBP
Price	156.625p
NAV	156.80p
Premium/(discount)	(0.1%)
Yield	3.8%

Share price and discount

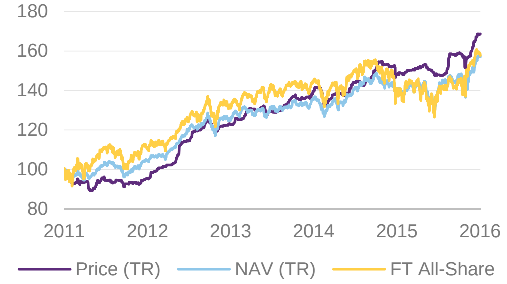
Time period 31/08/2011 to 22/09/2016



Source: Morningstar, Marten & Co

Performance over five years

Time period 31/08/2011 to 31/08/2016



Source: Morningstar, Marten & Co

Domicile	United Kingdom
Inception date	19 August 2005
Managers	Alan Borrows Peter Elston
Market cap (GBPm)	62.5
Shares outstanding	39.9m
Daily vol. (1-yr. avg.)	69k shares
Net gearing	11.7%

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Discount control mechanism is now live

New policy should give investors confidence that they will be able to enter and exit SIGT at close to NAV.

SIGT's new discount control mechanism (DCM) went live on 1 August 2016. Under the policy, the Trust actively provides support to the secondary market: buying and selling shares as necessary so that they effectively trade at, or close to, a zero discount. As discussed in our note of May 2016 (see page 11 of that note), we believe that this is a very positive development as it should give existing and potential shareholders confidence that they should be able to enter and exit the Trust at close to NAV. This should help to support liquidity in the secondary market.

Potential to grow assets

Assuming that the Trust continues to provide attractive low-volatility returns, we think that this, combined with the certainty offered by the new DCM, should allow SIGT to attract new shareholders and grow its asset base over time. This should serve to lower its ongoing charges ratio and further support liquidity, for the benefit of all shareholders.

Lower discount volatility following implementation

As illustrated in Figure 1, SIGT's discount has broadly been on a narrowing trend since 2012 and, during the last fifteen months, has been trading around par. Now that SIGT has introduced its zero discount policy, we are expecting to see noticeably lower volatility in SIGT's discount going forward. It is still early days for the policy but, since its introduction, SIGT has traded at an average discount of 0.23% (median discount 0.41%) and in a range of a premium of 1.69% and a discount of 1.55%. In comparison, during the 12 months running up to the introduction of the new DCM, SIGT traded at an average discount of 0.75% (median discount 0.78%) but within a range of a premium of 5.25% and a discount of 5.63%.

Figure 1: Premium/(discount) over five years

Source: Morningstar, Marten & Co.

Managers' view

The impact of Brexit

Brexit result impacted SIGT's performance but markets have settled and NAV is now 7.1% above its level immediately prior to the referendum result.

The result of the UK's referendum on EU membership came as a shock to markets whose negative reaction was sharp and, in the managers' view, indiscriminate, particularly within the mid cap space that is SIGT's natural hunting ground. Market disruption tends to throw up opportunities and the managers say that there was an increase in portfolio activity, post the Brexit result, as they sought to take advantage of these – adding to positions at depressed prices. SIGT has benefitted subsequently as markets have recovered and its NAV of 156.80p, as at 22 September 2016, is 7.1% above its value of 146.36p on 23 June 2016, immediately prior to the announcement of the referendum result.

Looking forward, the managers say that they are unashamedly long term investors and, whilst the referendum result has increased uncertainty for both the UK and Europe, sterling weakness aside, the macroeconomic outlook is little changed. They are maintaining their view that, whilst the outlook for global growth remains muted, and they expect it to be below long term trend, it will still be sufficiently positive for markets to continue to advance from here.

Global equities

Figure 2: Global equity market valuation data as at 20 September 2016

Heading	UK all cap	UK mid cap	Asia Pacific ex Japan	Emerging Markets	North America	Japan	Europe ex UK
Current yield (%)	4.1	3.9	3.0	2.6	2.2	2.3	3.5
Historical average (%)	3.7	3.6	3.1	2.5	2.0	1.6	3.1
Relative to history	11%	8%	(3%)	2%	10%	43%	12%
Z-score	0.6	0.5	(0.1)	0.2	0.4	1.1	0.4
Return on equity (%)	3.6	10.5	9.8	10.3	11.2	7.1	7.4
Historical average (%)	11.4	10.6	12.9	14.0	12.3	5.8	11.3
Relative to history	(68%)	(1%)	(24%)	(26%)	(9%)	22%	(35%)
Operating profit margin (%)	4.9	8.6	11.2	10.8	11.5	7.9	8.6
Historical average (%)	10.7	9.0	11.8	12.7	12.5	6.3	9.6
Relative to history	(54%)	(4%)	(5%)	(15%)	(8%)	26%	(11%)

Source: Bloomberg, Seneca Investment Managers

Global equities are not as cheap as they were when we last wrote in May and, with the exception of Japan where the yield has moved incrementally higher, yields have either remained in line or have compressed across all of the regions that SIGT's managers are focused on (illustrated in Figure 2 above). Looking at the UK, its yield has compressed from 4.5% (6 May 2016) to 4.1% (20 September 2016) but it is still higher than its historical average and compares favourably against yields on offer in other geographies. Furthermore, the UK's return on equity and operating profit margins continue to be low, relative to history, giving the ample scope for improvement and so SIGT's managers are happy to maintain a significant allocation to the UK. As discussed on page 8, the trust has recently sold out of its position in Royal Dutch Shell (acquired in January) following a period of strong price appreciation.

Asia Pacific ex-Japan is an area that has become more expensive. Its markets have performed well and the region is now yielding below its historical average. Asian currencies have also appreciated, relative to sterling, with the consequence that SIGT's exposure to Asia increased. Reflecting this, SIGT's managers have been reducing its Asian holdings to rebalance the portfolio.

Fixed income

The managers maintain their view that global fixed income markets are generally very expensive, particularly in developed markets, and when adjusted for inflation. The interest rate cut in the UK, in the aftermath of the referendum on EU membership, only served to push these already inflated markets higher as investors looked to them as a safe haven. However, in the opinion of SIGT's managers, whilst fixed income is less volatile, and so is perceived as less risky, the prospect of real capital loss is significant while yields are this low and they believe that this is currently being overlooked by many investors.

Figure 3: Global fixed income market valuation data as at 20 September 2016

Heading	G7 real interest rates	UK nominal rates	World nominal rates	Emerging market hard currency	Emerging market local currency	High yield credit
Current yield (%)	(0.8)	1.5	0.6	5.0	4.3	6.1
Historical average (%)	1.3	4.0	1.4	5.5	5.1	6.7
Relative to history	(164%)	(62%)	(60%)	(9%)	(15%)	(10%)
Z-score	(2.1)	(3.2)	(2.0)	(1.0)	(2.1)	(0.7)

Source: Bloomberg, Seneca Investment Managers

However, despite these challenges, the managers are able to find selective opportunities, particularly at the short duration end of the corporate bond market. A key holding is the Royal London Short Duration Global High Yield Bond Fund. SIGT's managers say that this is a low volatility strategy, which protects against rising interest rates and widening spreads, and is effective across the business cycle. Its managers invest primarily in sub-investment grade debt securities, seeking to exploit the inefficiencies (principally mismatches between risk and return), in the short duration market. The opportunities are driven by bond ratings and the managers target yields in the range of 5% to 7%. The managers seek to identify bonds whose credit ratings suggest a higher probability of default, than they consider to be the case, and therefore attract a higher yield than is actually warranted based on their view.

An example the Royal London's managers use to illustrate the strategy is of Reynolds American. The company had unsecured bonds, maturing in 2016, rated at CCC+, this being a lower rating than its secured debt that matures later. However, the company had $2.0bn in cash and a $120m undrawn revolving credit facility. It also generates free cash flow of $400m per year. The managers say that, whilst the company did not have sufficient liquidity to repay all of its secured debt, hence the B+ rating for its longer dated, Reynolds American could cover the unsecured 2016 debt c 3x with its existing liquidity. As such the CCC+ rating did not properly reflect the default risk and the security was mispriced. It offered a higher yield than its probability of default would ordinarily require.

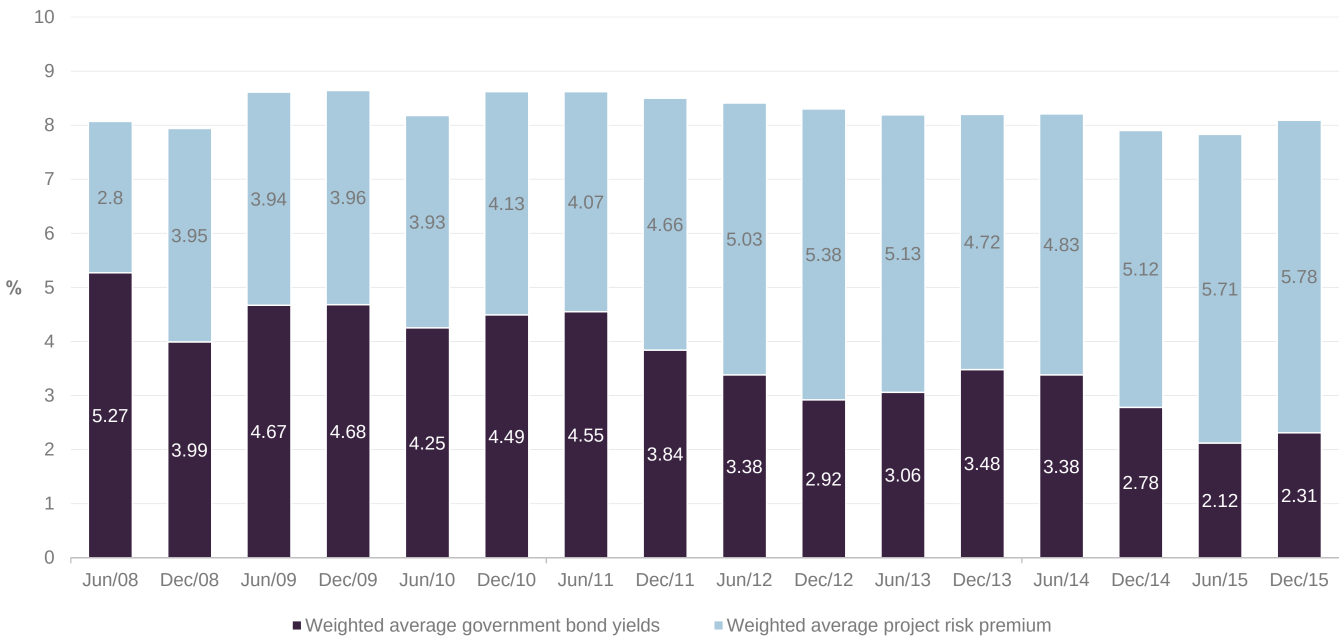
When we last wrote, emerging market local currency debt was an exception to the general trend to very low yields and was an area that SIGT's managers were allocating to (they had purchased the Templeton Emerging Markets Bond Fund). This area has subsequently seen an increase in value, which has served to compress yields, so that these are now below their historical average. However, SIGT's managers say that the Templeton fund, despite performing strongly, continues to offer a compelling yield in the region of 10%.

Specialist assets - opportunities in infrastructure

SIGT's managers believe that the idea that austerity, by itself, is not sufficient to return the economy to a healthy growth trajectory is gaining some traction. Private sector demand continues to be weak and they think that, both politically and economically, some Keynesian style infrastructure spending, to stave off recession and kick-start growth, is looking increasingly appealing. The managers are not expecting a sudden change in fiscal policy but they believe that, over the longer term, infrastructure funds are well positioned to benefit as increased demand for finance allows them to achieve higher yields on the assets in which they invest.

Reflecting this view, SIGT'S managers have recently added International Public Partnerships (INPP) to the portfolio; they invested during the placing earlier this year at a premium of 14.8%. SIGT's managers say that they like the fact that INPP offers a broad exposure to infrastructure assets. INPP has been trading at a premium to NAV during the last five years and, at its closing share price of 153.60p on 22 September 2016, INPP was trading at a 111% premium to its most recently published NAV of 138.2p, as at 30 June 2016. At a first glance, this may not appear to be good value but SIGT's managers believe that this premium is somewhat misleading. They say that, whilst the weighted average discount rate that company has used to calculate its NAV has remained fairly stable at around the 8% level, weighted average government bond yields have fallen and so the average risk premium per project has hit multi-year highs (see Figure 4 below).

Figure 4: INPP – weighted average risk capital discount rate



Source: International Public Partnerships

SIGT's managers think that INPP's projects have not been getting discernibly riskier and that the increasing risk premium is not justified and has led to over discounting when calculating INPP's NAV, which, in turn, serves to overstate the premium. SIGT's managers also believe that INPP could get more in the open market for its assets, at present, than they are held at on its balance sheet. This gives them comfort that INPP's current NAV is effectively suppressed.

Specialist assets - differentiated REITs

SIGT's managers seeing value again following post referendum upheaval in commercial property market.

In our May 2016 update note, we commented that SIGT's managers considered that property funds were not as good value as they had been and were reducing the trust's exposure. Reflecting this view, Tritax Big Box REIT and Ediston Property Company were sold. Both had seen valuation uplifts that had compressed their yields. However, the commercial property market has seen some upheaval in the wake of the EU referendum and SIGT's managers have once again been finding value.

SIGT's managers generally see better value in smaller, more niche REITs than in large, mainstream REITS.

In selecting REITs, SIGT's managers prefer to avoid the larger, mainstream REITs, instead preferring smaller more niche players where they believe they can generally get better value. The following bullet points summarise the REIT themes that SIGT's managers like (it is worth noting that they do not require every REIT holding to be exposed to every theme).

- REITs with a non-core focus (i.e. away from residential and commercial property)
- REITs focused away from the South East (high demand for property in the South East tends to compress rental yields and are therefore not as good value in the managers' view)
- Small lot sizes (large institutional buyers tend to be focused on larger lot sizes, which leads to yield compression in that space so that smaller lot sizes tend to offer superior value).
- REITS that benefit from a higher degree of asset management as, all things being equal, these should offer greater valuation uplifts.
- REITs that are beneficiaries of government policy or are exposed to a structural growth trend.

Figure 5 illustrates the themes that each of SIGT's five REIT holdings have exposure to and it can be seen that, on average, SIGT's REITs offer higher yields than mainstream REITs such as British Land or Land Securities.

Figure 5: SIGT owned REITs –manager's view on key differentiating factors versus mainstream REITs

Heading	F12m yield* (%)	Exposure outside South East (%)	Lot size	Pure specialist property type	Highly active asset turnaround strategy	Exposed to structural growth/ government policy
AEW UK REIT	8.3	76	✓		✓	
Custodian REIT	5.9	80	✓			
GCP Student Living	4.2	4		✓		✓
London Metric Property	4.6	69			✓	✓
Primary Health Properties	4.5	76	✓	✓		✓
Average	5.5					
Comparators:						
British Land	4.5					
Land Securities	3.4					

Source: Seneca Investment Managers. *Note: F12m yield is Seneca Investment Managers forecast with the exception of the comparators, British Land and Land Securities, where Bloomberg consensus is used.

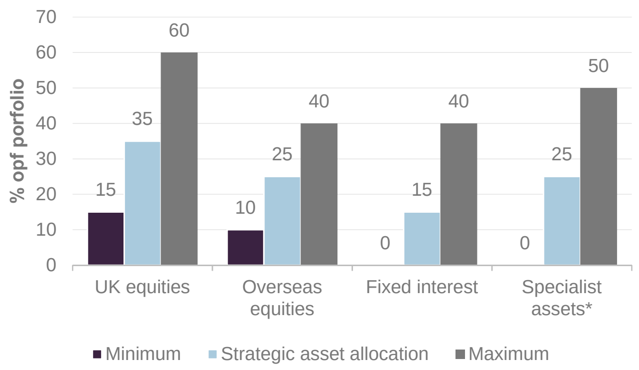
Asset allocation

Rebalance and concentrate

Weighting to UK equities has been increased.

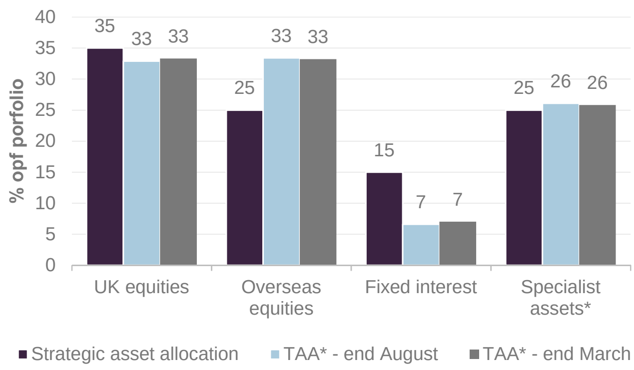
Figure 7 compares SIGT's tactical asset allocation as at the end of August 2016 against both its strategic asset allocation and its tactical asset allocation as at the end of March 2016 (the most recent data available when we last wrote about SIGT in May). Changes in the tactical asset allocation, in the intervening period, have been limited and the managers say that portfolio activity has largely concerned rebalancing the portfolio, following market moves, rather than committing money to new ideas (Essentra, discussed on page 9, being an exception). The managers added to a number of direct UK equity holdings to bring the UK back to its full weighting, following the post-Brexit sell-off. Some of these have been trimmed as they have recovered. Asian equities have been reduced following a period of strong performance. SIGT's fixed income allocation has been allowed to drift down whilst specialist assets are also up at the margin.

Figure 6: Strategic asset allocation and ranges



Source: Seneca Investment Managers *Note: specialist assets includes property.

Figure 7: SIGT tactical asset allocation vs. strategic asset allocation



Source: Seneca Investment Managers *Note: specialist assets includes property. TAA = Tactical asset allocation.

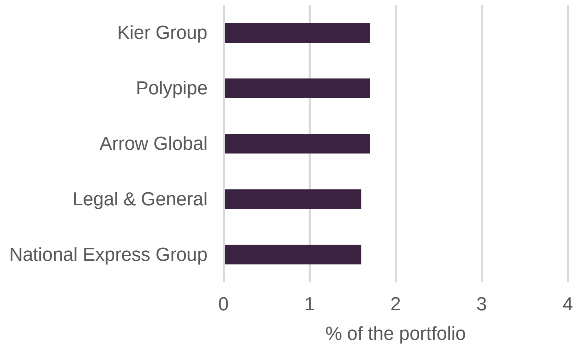
SIGT's managers have made a conscious effort to reduce portfolio activity to reduce costs as well as to further increase their investment horizon. They are also working to concentrate the portfolio to focus on higher conviction ideas.

The managers say that they have been making a conscious effort to reduce portfolio activity, which is down substantially over the last couple of years, with a view to reducing costs. They have also made a decision to further concentrate the portfolio and focus on their higher conviction ideas. Their rationale is that, in the current low growth environment, where returns from risk assets are broadly lower, investors can either invest passively, with a diversified approach, and accept the lower market return, or they can take a more active stance, concentrate the portfolio on higher conviction ideas, and look for value. They expect to hold 20-25 UK direct equities, reduce the number of Asian funds from five to three, and reduce their European funds from four to three.

Largest investments

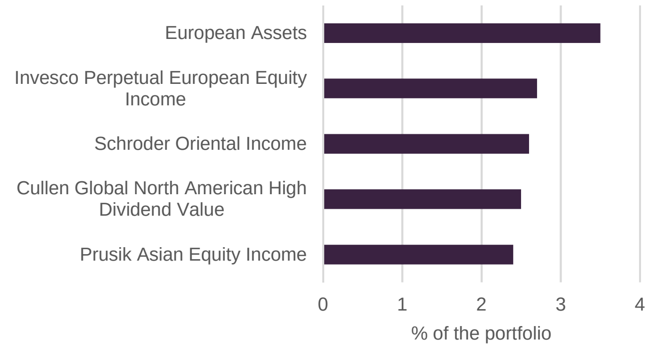
Figures 8, 9, 10 and 11 show the largest positions in each part of the portfolio as at the end of July 2016. Details of the rationales underlying some of these positions can be found in our initiation note of November 2015, our update note of May 2016 and in the Managers' view section of this note. Some of the more recent changes are also discussed in detail below.

Figure 8: Largest UK direct equity positions as at 31 August 2016



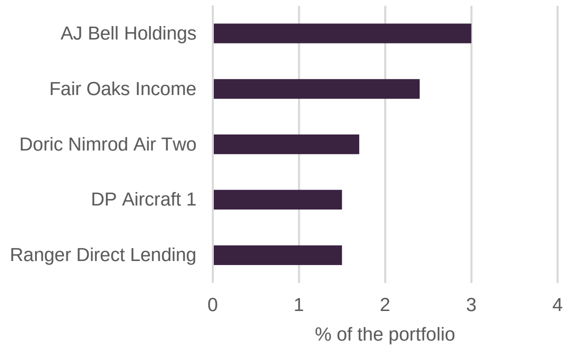
Source: Seneca Investment Managers

Figure 9: Largest overseas equity positions as at 31 August 2016



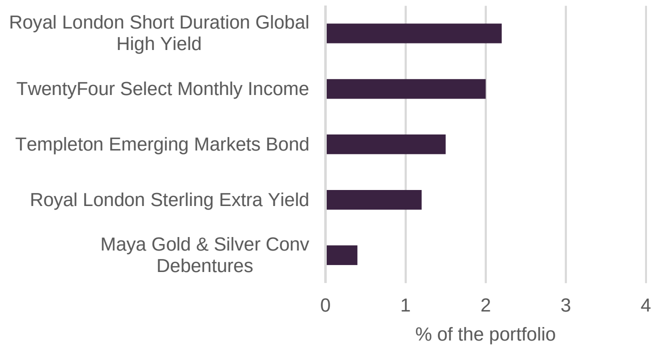
Source: Seneca Investment Managers

Figure 10: Largest specialist asset positions as at 31 August 2016



Source: Seneca Investment Managers

Figure 11: Largest fixed interest positions as at 31 August 2016



Source: Seneca Investment Managers

Royal Dutch Shell exits portfolio following strong recovery

RDSB was purchased on weakness in January 2016. It has recovered strongly and has now been sold.

The managers have recently sold out of Royal Dutch Shell (RDSB), which, as discussed in our May 2016 note (see page 5 of that note), was added to the portfolio in January 2016. At that time, the ongoing oil price slump had led to concerns in the market that RDSB could be forced to cut its dividend and that its growth outlook also looked difficult. SIGT's managers felt that the market had become overly bearish on RDSB and built a position for the trust. Ordinarily, they would expect to hold such a position for longer than the five and a half months that RDSB was held in SIGT's portfolio but their investment thesis came through much more quickly than they had expected. From its low point in January to the end of July 2016, RDSB's share price increased by 56.7%. This compressed RDSB's yield, which served as a trigger for SIGT's managers to sell the stock.

The sale of RDSB would have effectively reduced SIGT's exposure to the UK but the managers wanted to maintain this, in part to benefit from any post Brexit recovery. A temporary investment was made in the iShares FTSE UK Dividend Plus ETF whilst the managers finished their analysis on new portfolio company, Essentra, discussed below.

Essentra purchased in the wake of its profits warning

Essentra has been added following profits warning.

Essentra has three key product areas: components; health and personal care packaging; and tobacco filters. SIGT's managers started to build a position in Essentra, following a profits warning in the first half of June, as they felt that the market had overreacted to the news and the stock had become too cheap. They also took the opportunity to add to the position when its share price fell following the announcement of its results at the end of July, which also coincided with news that its CEO, Colin Day, is planning to step down.

SIGT's managers consider that Essentra is a good quality company, with a strong balance sheet that generates a high ROE. It makes a range of simple, cheap and essential products and, reflecting this, generates fairly stable cash flows. The company says that weakness in its filter products (due to a more challenging market backdrop) and health and personal care businesses (an extensive site integration programme gave rise to a number of short term operational issues) affected results and gave rise to the recent profits warning.

Essentra's CEO, Colin Day, joined from Reckitt Benckiser in April 2011. He is widely credited as having drawn together and refocused the company (previously Filtrona), which had effectively been a number of independent business units. This, coupled with an acquisitions strategy, is considered as being instrumental in driving the company's growth in recent years. However, in SIGT's managers view, the board and market were becoming increasingly nervous about the approach and were keen for the company to pause on acquisitions and pursue a strategy more focused on organic growth.

SIGT's managers say that they were able to build the position when Essentra was trading at a prospective yield of 4.5% for next year's earnings (SIGT's managers are expecting both earnings and dividend growth) and a P/E of c 11x (equivalent to a 9% earnings yield). Essentra performed well post the EU referendum. The company generates 85% of its revenues outside of the UK and is a beneficiary of sterling depreciation.

Building up Bovis

Bovis was sold down pre-referendum but was purchased again following post Brexit sell-off. The stock has recovered strongly.

The managers have recently been adding to Bovis Homes. The position was reduced, in the run up to the EU referendum, on valuation grounds (at around £9.00). The stock suffered heavily in the aftermath of Brexit (it fell 37.5% between the 23 and 27 June) and the managers took the opportunity to top up the position at around £6.30. The shares are now trading in the region of £8.70.

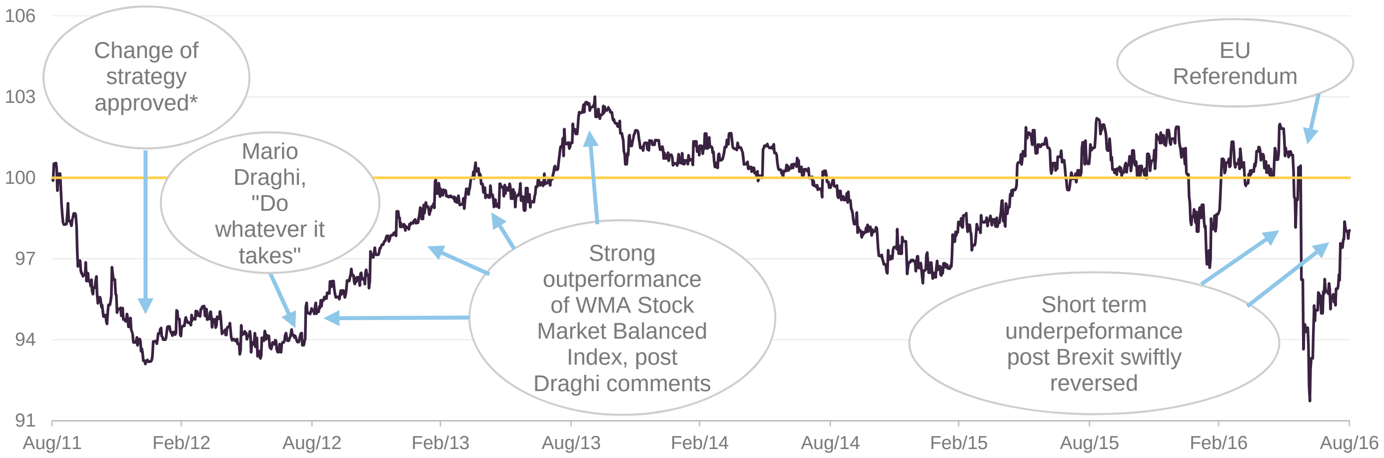
Performance

Please click here to visit QuotedData.com for an up to date comparison of SIGT versus its Global Equity Income peer group.

Readers interested in an analysis of SIGT's longer term performance record, should see our initiation note of November 2015 and update note of May 2016. However, prior to market disruption caused by the EU referendum, the trend was one of long term outperformance of SIGT's NAV total return relative to both the FTSE WMA Stock Market Balanced Index and the FTSE All-Share Index, following the strategy change in January 2012 (see Figures 12 and 13 overleaf).

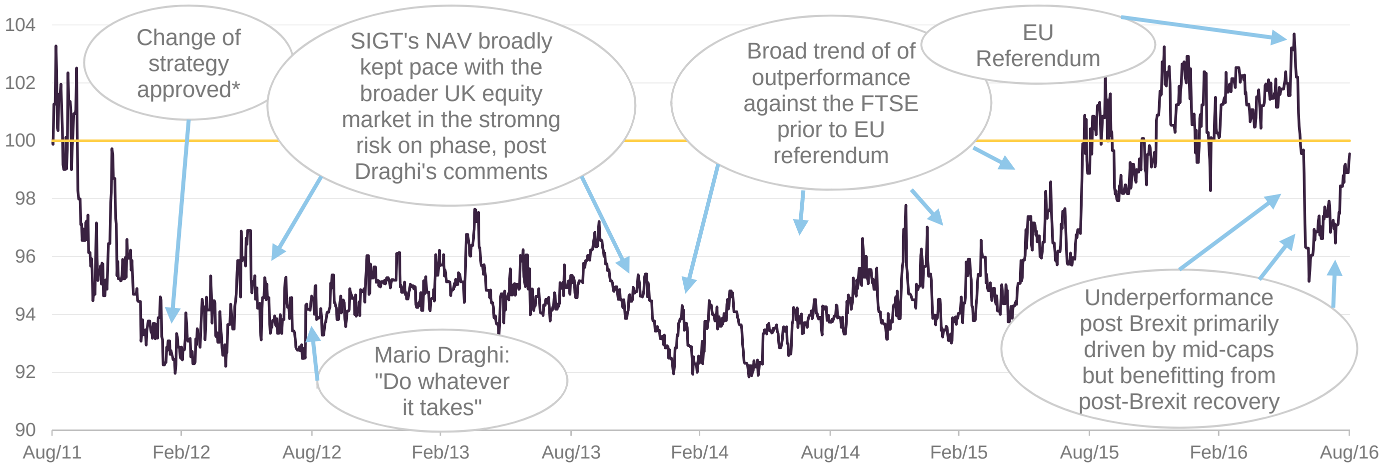
Post Brexit, SIGT's NAV initially underperformed both the FTSE All-Share Index and the FTSE WMA Balanced Index. Markets reacted negatively to the referendum result and SIGT's NAV suffered because it was: 1) c12% geared, 2) underweight fixed income on valuation grounds and therefore did not benefit as bond capital values rose as investors sought their safety, and 3) it has a strong bias, within is UK listed equities portfolio, to mid-caps (these are broadly considered to be of higher risk than large caps and so suffered more in the market rout). However, as also illustrated in Figures 12 and 13, as markets have settled, SIGT's NAV has recovered strongly outperforming both indices. As at the date of publication, SIGT's NAV is back above its pre-referendum level.

Figure 12: SIGT NAV/FTSE WMA Stock Market Balanced Index* – rebased to 100 since 31 August 2011



Source: Morningstar, Marten & Co. *Note: strategy change was approved by shareholders on 18 January 2012. Please see our November 2015 initiation note for more details.

Figure 13: SIGT NAV/FTSE All-Share Index* – rebased to 100 since 31 August 2011



Source: Morningstar, Marten & Co. *Note: strategy change was approved by shareholders on 18 January 2012. Please see our November 2015 initiation note for more details.

Figure 14: Cumulative total return performance to 31 August 2016

	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (%)	5 years (%)	Strategy change*
SIGT NAV	4.2	6.4	12.5	12.5	25.7	57.0	58.7
SIGT share price	4.0	6.0	14.0	14.0	37.5	68.7	83.0
FTSE WMA SM Balanced	1.8	10.1	13.3	15.6	29.9	60.1	51.0
FTSE All Share	1.9	9.0	13.1	11.7	20.4	57.7	49.0
FTSE World	1.6	15.3	20.8	26.5	46.6	93.9	81.4

Source: Morningstar, Marten & Co. *Note: strategy change was approved by shareholders on 18 January 2012. Please see our November 2015 initiation note for more details.

When evaluating SIGT's performance, consideration should be given to the fact that it aims to provide shareholders with low volatility returns. We consider that it has been successful in this regard – SIGT has provided the lowest standard deviation of returns, for both price and NAV, over one, three, five and ten years within its global equity income peer group.

Dividend

First quarterly dividend saw a year-on-year increase of 3.47% to 1.52p. SIGT's board intend to at least maintain this level for the remainder of the year.

SIGT has declared and paid its first quarterly dividend for the year ending 30 April 2017 at 1.52p per share. This is a year-on-year increase of 3.47% (2016: 1.47p) and the board have said that, barring unforeseen circumstances, it will at least maintain the quarterly dividend of 1.52p per share for the full year. This suggests a minimum total dividend for the year ending 30 April 2017 of 6.08p. Assuming this is achieved, it represents an increase of 2.2% over the full year dividend for the 2015 year of 5.93p and represents a yield of 3.9% on the current share price. SIGT's board have been using the fourth interim dividend of each financial year to signal the minimum level of payment they expect the trust to be able to make for the following four quarters. It seems likely that there will be an uplift with this year's 4th interim payment. The last two years have both seen annual uplifts of 4.6% in total dividends for the year.

In terms of dividend cover for its UK equities portfolio, SIGT's managers say that they consider that their companies are reasonably well placed at c 2x earnings. They say that this compares well against the overall market and particularly against the FTSE 100 where the level is c 0.7x.

Fund profile

Further information can be found at Seneca IM's website: www.senecaim.com

Seneca IM is a multi-asset value investor.

SIGT's aim is to grow both income and capital through investment in a multi-asset portfolio and to have low volatility of returns. Unlike many multi-asset funds, it sits within the AIC's Global Equity Income sector, as the board and Seneca IM believe that this better reflects its income objective.

Seneca IM describes itself as a multi-asset value investor. We think the combination of multi-asset investing with an explicit value-oriented approach may be unique to Seneca IM. The idea is that Seneca IM can allocate between different asset classes, emphasising those that offer the most attractive opportunities and making both asset allocation and investment selection decisions on a value basis. Allocations to mainstream UK equities are made directly while funds are used to gain access to other asset classes. The named fund managers are Alan Borrows (senior fund manager) and Peter Elston (CIO). However, Seneca IM takes a team approach to managing its portfolios: Peter Elston is the research specialist for asset allocation, Alan Borrows for fixed income, Mark Wright for UK equities, Richard Parfect for specialist assets and Tom Delic for overseas equities.

Although the fund's benchmark is Libor+3%, we, the board, the managers and the largest shareholders agree that it is not ideal. The fund's investment objective does not lend itself easily to the adoption of any other formal benchmark. The board has chosen to compare the fund with a range of indices and competing funds. We agree with this stance and have used this approach for our reports on the Trust.

Previous research publications

Readers interested in further information about SIGT, such as investment process, fees, capital structure, trust life and the board, may wish to read our initiation note *Low volatility and growing income*, published on 2 November 2015 and our update note, *On track for zero discount policy,* published on 11 May 2016. The contents pages have been reproduced below. You can read the notes by clicking on them in Figure 15 or by visiting our website.

Figure 15: Marten & Co. previously published research on SIGT

Title	Note type	Date
Low volatility and growing income	Initiation	2 November 2015
On track for zero discount policy	Update	11 May 2016

Source: Marten & Co.

Low volatility and growing income – 2 November 2015

On track for zero discount policy – 11 May 2016

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Authorised and regulated by the Financial Conduct Authority
123a Kings Road, London SW3 4PL
0203 691 9430

www.martenandco.com

Registered in England & Wales number 07981621,
135a Munster Road, London SW6 6DD

Investment company sales:

Edward Marten
(em@martenandco.com)

Christopher Bunstead
(cb@martenandco.com)

Investment company research:

James Carthew
(jc@martenandco.com)

Matthew Read
(mr@martenandco.com)

IMPORTANT INFORMATION